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**DOING GOOD OR DOING HARM? THE FACTORS AFFECTING  
THE PROVISION OF EFFECTIVE DEVELOPMENT AID: THE  
CASE OF UKRAINE**

MA thesis

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## Author's declaration

I have written this Master's thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

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# **DOING GOOD OR DOING HARM? THE FACTORS AFFECTING THE PROVISION OF EFFECTIVE DEVELOPMENT AID: THE CASE OF UKRAINE**

Kert Ajamaa

## **Abstract**

Development aid is very complex, multifaceted and disputable topic which has changed tremendously since the modern development aid started after the World War II. Development aid has witnessed a number of different “phases” – once having a focus on economic growth, then on poverty reduction, and then on providing aid in order to achieve one’s self-interests. To start with, this thesis seeks to open the complex framework of development aid, give a brief overview of its history, introduce its key IR concepts, and show what is the motivation for countries to provide it. There are a number of questions in development aid which do not have one right and clear answer – does development aid work or not? Is it effective? It is important to study the factors affecting the provision of effective development aid because it could help finding out if the provision of aid needs only fine-tuning or fundamental changes. The framework which is the basis for the analysis consists of seven different factors that could affect the provision of aid. These factors are knowledge of local conditions, tied aid, aid fragmentation, security, corruption, targeting and timing. Some of these factors are donor-dependent, some recipient-dependent. The focus of this thesis is on Ukraine because since the Revolution of Dignity the need for development aid has increased rapidly and Ukraine has become a huge arena for the international donors. Ukraine is also always “in the picture” because of the ongoing war in the eastern part of the country. All the studied factors can be applied to the context of Ukraine and the most relevant out of them is the knowledge of local conditions together with aid fragmentation, targeting and timing. Other three – tied aid, corruption and security are not, at least in the case of Ukraine, factors which can affect much the provision of effective development aid.

Keywords: development aid, Ukraine, factors affecting the provision of aid, aid effectiveness

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## **List of abbreviations**

BMZ	German Federal Ministry for Economic Cooperation and Development
CONCORD	The European NGO Confederation for Relief and Development
DAC	Development Assistance Committee
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IR	International Relations
MDG	Millennium Development Goals
ODA	Official Development Aid
OECD	Organisation for Economic Co-operation and Development
SIDA	Swedish International Development Cooperation Agency
SDC	The Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development

## Introduction

*“In the early, naïve days, the idea of development was encapsulated by a widely repeated proverb: “Give a man a fish, and you feed him for a day. Teach him to fish, and you feed him for life.” But knowing how to fish often turned out to be the least of his – or her – problems. The river might be polluted, and the catch depleted. The trees from which boats were traditionally built had been cut down by loggers, or the right to fish on that waterway granted to others with powerful patrons and larger boats.”*

Maggie Black (2007: 117)

This shows well the complex nature of development aid. It shows that aid may have several variables which, if not taken into account, could lead to completely opposite results than initially planned. World Bank stated in 1998 that foreign aid has been “very effective, totally ineffective, and everything in between at various times and places” (van Lieshout *et al.*, 2010: 95). Development aid is like a black box where one puts resources to the box from one end and then does not have a clear understanding of what is coming out of the box from another end in the form of results. The reason is that it is unclear what is in the box that could affect what is coming out.

One could not say that the issue of aid is not studied enough. It is researched if and how aid can affect political stability (see Steinwand, 2014) or how democracy aid affects civil conflict (see Savun and Tirone, 2011). The question of aid effectiveness has been researched too (see Easterly, 2007; Bourguignon and Sundberg, 2007). At first, it seems that there is nothing to study in this area anymore. Still, development aid is one of the most disputable concepts in economic and foreign policy. “A passionate debate has developed which has addressed fundamental questions, but in which examples are happily quoted out of context and stereotypes are rife” (van Lieshout *et al.*, 2010: 13). Consequently, this research aims to gain a better understanding of the development aid while assessing the provision of aid critically. “In short, after sixty years, the ways in which development cooperation is provided, the motives that underlie it, the instruments that are used, and the organizational form that has evolved are still very much in flux. How are we to assess and respond to this?” (*Ibid.*, 22).

To the best of my knowledge, there is not much written about the factors affecting the provision of development aid. Riddell (2007) writes in his comprehensive book, amongst other things, how (in)effective is foreign aid and what could be the problem behind it not working, but it rather covers the aid impact part. Van Lieshout *et al.* (2010: 136-140) write about designing development aid and they are pointing out the problems which providing aid can cause – accountability, mutual dependencies, “ownership” and “participation” – which could be taken as the factors I am trying to map, but again, it is more about post-provision of aid. I mean it more on a broader level – the factors one must think about before planning an intervention and then implementing it. In the end, it will all affect the effectiveness of aid and could be accountable for the problems it causes. These factors can be related to the aid organisation (for example, rushing to the recipient country without having a clear idea of what and how to do), recipient country (level of corruption or an ongoing war) or something completely different.

Therefore, the aim of this thesis is to determine the possible factors that can affect the provision of development aid. In order not to be overly general, I have set a clearer focus and I am using Ukraine as an example case. The reasoning behind that is explained under research design and methodology chapter. One part of choosing Ukraine is also personal experience – having lived, studied and worked there for almost a year has given me a deeper interest in this country and a desire to study the chosen topic in-depth. The utmost goal of this paper is adding a valuable contribution to the never-ending discussion over development aid. Taking it all into consideration, this thesis seeks to answer two research questions:

**RQ1: What are the most important factors affecting the provision of effective development aid?**

**RQ2: How could these factors be applied to Ukrainian context?**

This thesis is divided into four major chapters. It starts with introducing the theoretical framework on development aid, aid effectiveness and possible factors essential for the analytical part. Development aid part is, in turn, divided into smaller sub-chapters to better grasp what really lies behind this seemingly simple term. In order to talk about the provision of effective development aid, one needs to understand what aid effectiveness all about is. In addition, there are sub-chapters dedicated to the key IR concepts of

development and the motivation of providing it. Only after that it is possible to move on with possible factors. Second chapter is dedicated to describing the research design and methodology. Third chapter provides the overview of the chosen recipient country – Ukraine – and four donor countries – Germany, Sweden, Switzerland and Estonia. Fourth, and the last chapter in this list, is analysis together with the problems with development aid through the eyes of practitioners, and a brief retrospect to the provided aid in Ukraine. Findings of this research are summarised in the discussion part.



## 1. Theoretical framework

*“The central purpose of development is the realization of the potentialities of the human person in harmony with the community; the human person is the subject not the object of development, both material and non-material needs must be satisfied; respect for human rights is fundamental; the opportunity for full participation must be recorded; the principles of equality and non-discrimination must be respected; and a degree of individual and collective self-reliance must be achieved.”*

Philip Alston, 1981: 102 (as cited in Gready and Ensor, 2005: 18)

### 1.1. Development aid

Before talking specifically about development aid, we need to take a step back and start with foreign aid. At the broadest sense, as Riddell (2007: 17) puts it, foreign aid is all the resources – physical goods, skills and technical know-how, financial grants or loans – that donors transfer to recipients. It is important to distinguish two types of foreign aid<sup>1</sup> – humanitarian aid and development aid<sup>2</sup>. Humanitarian aid is providing a needs-based emergency response aimed at preserving life, preventing and alleviating human suffering and maintaining human dignity, wherever the need arises, if governments are unable or unwilling to act (European Consensus on Humanitarian Aid, 2017). Development aid is meant to support developing countries, whether it is an economic, political or social development. Although there is a connection between development aid and poverty, social and political tensions, and international stability and security, both humanitarian and development aid are considered separately from military and national defence (Pihlak, 2008: 157).

Being related and often mixed with one another, these two have several important differences. Firstly, when humanitarian aid is short-term and meant for saving lives right after the crisis has occurred, then development aid projects are usually long-term. Secondly, when humanitarian aid is meant for countries having suffered or suffering from natural disasters or man-made conflicts, then development aid is for developing countries (they may but they do not necessarily have to be the same country). Lastly, when

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<sup>1</sup> Foreign aid in the context of this thesis means always development aid, unless it is stated otherwise.

<sup>2</sup> Also development cooperation, development assistance, official development assistance (ODA).

humanitarian aid focuses on saving lives by providing food, emergency shelter and urgent medical care, then development aid is focusing on systematic changes – political reforms, reducing poverty, fighting against corruption. (The Humanitarian Coalition, no date)

Often there is no clear borderline between humanitarian and development aid. For example, Veronika Svištš (Interview, 11.04.2018), an Estonian aid expert, argued how humanitarian and development aid interventions go hand-in-hand: it is not that humanitarian aid suddenly ends and development aid starts but often these two are given in parallel. Mostly, though, it is the case for smaller aid organisations who have the ability to change their interventions according to the situations. “But how do you know you are done with relief and are into development?” - Barnett (Anyangwe, 2015) argues how the line between humanitarian and development aid is blurred. “The majority of places where you have an humanitarian crisis are places or countries where those crises have been going on for at least eight years but often more than 20 years, and sometimes as long as 30 or 40 years” (*Ibid.*).

#### **1.1.1. How has development aid “developed”?**

It is disputable when giving development aid started – some refer to Adam Smith and his “Wealth of Nations” where he discussed the “causes of the prosperity of the new colonies” (Edwards, 2014), others cite “the dawn of settled agriculture 10 000 years ago as the moment the development train left the station” (Black, 2007: 15). Phillips (2013) writes how rich countries started to help poorer in the 19<sup>th</sup> century and by the 1920s and 1930s aid from Great Britain, France and Germany to their colonies was provided regularly. It is also said that the modern era of giving aid started in the late 1940s with the ambitious Marshall Plan<sup>3</sup> in 1948 to help build up Europe which was destroyed during the World War II (Riddell, 2007: 24; Edwards, 2014: 24; Bauer, 1974: 15). On the other hand, this ignores completely the fact that before 1940s most of the aid was given by voluntary agencies. “During much of the colonial period, it was voluntary associations – often churches and church-based agencies – and not rich country governments which were the main providers of key services to poor people within and across most poor

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<sup>3</sup> Marshall Plan – the programme that transferred over \$13 billion in order to reconstruct the post-World War II Western Europe – is considered to be one of the greatest and most successful achievements in economic and foreign policy (De Long and Eichengreen, 1991: 4-5).

countries” (Lumsdaine, 1993: 193 as cited in Riddell, 2007: 25). It is complicated to determine the starting point because development is an ongoing change which is ”influenced to varying degrees and at different times by diverse pressures: dominant political ideologies; particular regional circumstances; trends in academic and non-governmental discourse; and the continuing failure to generate lasting solutions to poverty and human security (Gready and Ensor, 2005: 14).

### **From Marshall Plan to ODA**

In order not to get confused with the history of development aid, I will use the Marshall Plan as the starting point. Dutch government<sup>4</sup> already had first funds available in 1949 for development aid while receiving aid through the Marshall Plan itself. Back then, Dutch aid policy was shaped by the process of decolonization (van Lieshout *et al.*, 2010: 25). Many countries in the beginning felt themselves obliged to aid their former colonies – “in France, the Ministry for the Colonies was divided into two ministerial departments: one for “related states” and one for French overseas territories. In the United Kingdom too, an aid system was constructed which was grafted strongly on old relationships and institutions” (Stokke, 2009 as cited in van Lieshout *et al.*, 2010: 25).

1960s changed the way development was seen – “characterised by anti-poverty initiatives and welfare and gender strategies, and as a “broad-based, people-oriented or endogenous process, as a critique of modernisation and as a break with past development history” (Elliot, 2002: 45 as cited in Gready and Ensor, 2005: 15). In the 1960s the understanding of aid started to change as well – “the northern European donors like Sweden, which historically had not had colonies... started to recognise the need and started to develop aid programs in particular focus countries” (Phillips, 2013). 1960s were the golden years for development aid – aid was strongly supported, more donors were providing aid in larger quantities and it seemed that it was working (Riddell, 2007: 29). Also, more resources were devoted to health, education and strengthening skills and human capital (Edwards, 2014). UNICEF (no date) even declared the 1960s a “Decade of Development” and President Kennedy launched the Decade with the following: “To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge

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<sup>4</sup> Western countries have had a rather similar view to development aid, hence it makes sense to use the Dutch example.

our best efforts to help them help themselves.” Greatest success stories that could describe the “Decade of Development” are South Korea and Taiwan. South Korea may have had autocratic-repressive military leadership but its flexible approach to economic development resulted in what was called the “miracle on the Han River” (Britannica, no date).

## **ODA**

1960s marked also the institutionalisation of Official Development Assistance (ODA). By the definition of OECD Development Assistance Committee (DAC), ODA is “government aid that promotes and specifically targets the economic development and welfare of developing countries” (OECD, 2018). “ODA is the resource flow to countries and territories on the DAC List of ODA Recipients<sup>5</sup> and to multilateral development institutions that are provided by official agencies, including state and local governments (or by their executive agencies), concessional and administered with the promotion of the economic development and welfare of developing countries as the main objective” (*Ibid.*). When foreign aid is mostly divided as humanitarian aid and development aid, then ODA (which is often used as a synonym to development aid) can be both for developing long-term projects and providing humanitarian aid in emergencies (Agence Française de Développement, no date). The implementers of ODA are always local actors – ministries, local authorities, NGOs – who are always working for the same aim – helping local people (*Ibid.*). In order to help administering the volume of ODA (which was rapidly expanding), a number of new multilateral aid organisations and institutions were established. This optimism, though – increase of aid and rates of growth – did not last long because by 1970, ODA expansion had stopped and large donors, for example United States, had already reduced the level of aid (Riddell, 2007: 29). With the end of history<sup>6</sup>, one of the main drivers behind ODA – geopolitics – had disappeared. “International solidarity was no longer part of a “grand scheme”, it was no longer considered as a strategic public policy” (Severino and Ray, 2009: 3). ODA started to rise again in mid-1980s – by 1990, it had almost doubled to \$53 billion (Riddell, 2007: 36).

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<sup>5</sup> DAC List of ODA Recipients (OECD, no date)

<sup>6</sup> Said by Francis Fukuyama

The leading contributor to ODA today is European Union with its member states – in 2017 it was €72,65 billion. This, though, was 3% less than in 2016 but this decrease does not necessarily mean a negative trend because it is “justified by the reduction in debt relief and in-donor refugee costs, two elements that, together with imputed student costs, tied aid and interest repayments, do not contribute to positive development in partner countries” (CONCORD, 2018: 6). According to CONCORD<sup>7</sup>, not all the money reported as ODA contributes to development, thus it is important to distinguish inflated aid from genuine. For the improvement of provision of development aid, it is necessary to decrease inflated and increase genuine aid. If in 2016, €16,4 billion or 22% of aid was inflated, then in 2017, the corresponding figures were €14 billion and 19% (CONCORD, 2018: 12). Following items should not be considered as ODA (*Ibid.*):

- spending on receiving refugees in the donor country;
- the reduction in development effectiveness associated with the additional cost of tied aid, in this report estimated at 15% of partially tied aid and 30% of tied aid;
- spending on international students in the donor country;
- interest repayments on concessional loans, which should instead be considered a “negative” budget item;
- debt relief and future interest on cancelled debts.

As it is seen above, the last 30 years for development aid, especially to the money allocated by the donors, has been like a ride on the roller coaster. The last decade of the 20<sup>th</sup> century started with what Collier and Dollar (2004: 244) call aid pessimism – donors had little control of aid spending (it was wasted by the governments of recipient countries), despite of large amount of money allocated for aid, recipient countries were still suffering in poverty. “ODA continued to fall for a number of years, with the pessimistic mood fed by the public prominence given to the latest round of academic studies which concluded that aid “didn’t work” (Riddell, 2007: 38). Severino and Ray (2009) in their working paper were criticising heavily ODA being a long-outdated concept to it measuring too much to it measuring too little. “All in all, ODA turns out to

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<sup>7</sup> The European NGO Confederation for Relief and Development

be a poor benchmark for the emerging global public policy enriched of new objectives, actors and instruments. To sum up, it is not an indicator of results, but only an indicator of means (Severino and Ray, 2009: 21).

## **21<sup>st</sup> century**

In 2000, 191 UN member states signed the UN Millennium Declaration and committed to fight against the poverty, hunger, illiteracy etc. Altogether, world leaders promised to achieve eight Millennium Development Goals (MDGs) by the year 2015 (United Nations, no date). Millennium Development Goals also marked a new conceptual change in development aid – although development aid and development cooperation have been considered synonyms, then Goal Eight “to develop global partnerships for development” stated the importance of working together between developed (donor) and developing (recipient) countries. This was the point when development aid started to be seen as development cooperation. It is still disputable whether the Millennium Development Goals have made much of a difference (see report by McArthur and Rasmussen, 2017) but now the world has an even bigger aim to achieve – 17 Sustainable Development Goals (SDG) which is a continuation to MDGs. These SDGs have more chance to be successful than the predecessor because they are better-explained, and SDGs have also 169 supporting targets which should make the goals better achievable (United Nations, no date). As SDGs are such an important issue, more and more aid agencies are planning and implementing their interventions accordingly: “Whereas the MDGs identified actions to be taken in developing countries with support from developed countries, the SDGs have recast development as a shared, universal enterprise. The SDGs seek to spur action toward addressing common problems and all countries are expected to evaluate how the SDGs could be implemented in their national context” (Paul, 2016).

Today, development assistance is a lot about achieving one’s strategic interests<sup>8</sup>. The best example here is China who has been especially active in Africa within the last 10 years. First and foremost, China seeks ways to improve its economy and African countries are a perfect hotbed for that – plenty of resources, local markets and possibilities for employment for Chinese people (Sun, 2014). Another important factor here is seeking for

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<sup>8</sup> This argument is discussed more under the „Motivation for providing aid“ sub-chapter.

the support to “one China” policy. While both China and DAC donors have stated that aid is provided for pursuing their strategic interests, China is more open about the fact that its aid is mutually beneficial (Dreher and Fuchs, 2015: 1019). Being mutual for both sides or not, Chinese development aid is something every potential recipient country should have a critical approach to (*Ibid.*). The best-case scenario is that this aid really contributes to the development of a recipient country but the worst case scenario could be similar to Hambantota port which Sri Lanka had to hand over to China on a century-long lease because Sri Lanka could not fulfil the conditions China had set (Abi-Habib, 2018).

What is more, the beginning of 21<sup>st</sup> century belongs to the discussion over development and development aid. “The way people understand and think about development is in a state of constant churn and upheaval... New concepts are borrowed from other disciplines, such as medicine and physics, or from rich-world debates” (Green, 2011). He also adds that “the challenge for those engaged in aid, development and politics is to continue that effort, responding to the new challenges that face us, so that poverty and hunger in the coming decades rapidly go to the way of slavery in the 19<sup>th</sup> century.” Bunting (2011), in her article, argues also about the future of development and she suggests two possible scenarios – optimistic and pessimistic. According to her positive scenario, aid has moved from state business to global people power; China, India and Brazil have taken the key position in development because European and US models of development were too conditional and heavy-handedly controlled and interfered, and European countries, once major players, have become marginal in Africa. Her pessimistic scenario suggests that most European states have ended their aid operations due to them being too ineffective; money which has gone to poor African countries, has repeatedly gone astray, and there are more celebrity-driven “good cause” projects (*Ibid.*). It is important to add that these two scenarios are only a game of thought which should help us understand the challenges we have when it comes to development and providing aid.

### **1.1.2. Key concepts in development cooperation**

There is no one way how development aid fits into International Relations (IR). There are several IR theories and concepts which could be related to development aid, thus the aim of this sub-chapter is to give a short overview of how IR is viewing it. Knutsen (1997 as

cited in Chou and Poole, 2015: 40) argues that theories “bring to light phenomena that may have previously been invisible and, by doing so, enable us to better comprehend its nature.” In addition to theories, there is a concept-based approach to development aid in IR. Related concepts could help us better grasp and understand such a comprehensive topic. Development aid in IR cannot be explained only by IR theories because in certain extent, theories tend to stay too vague and they do not give the “full picture”. When “theories are general statements that describe and explain the causes or effects of classes of phenomena” (Evera, 1997: 7-8), then concepts help us emphasising things we want to examine in the research. Concepts, however, are part of IR theories, and below I am trying to connect them to relevant theories.

To start with, we should take into consideration the first one from the Great Debates - a debate between idealism and realism which is based on a claim that idealism wants to see the world as it should be, but realism sees the world as it is (Berg *et al.*, 2018: 59). Development aid through the idealism lense means that aid is provided for making the world a better place; that aid contributes to economic growth and poverty reduction and that provision of aid really is effective. According to realism theory, states do act in order to get the most out of it for themselves and to ensure the security which is their main interest (*Ibid.*, 61). When it comes to security, then in development aid it is expressed in several ways – for example, aid to Ukraine to keep it closer to the West and to deter Russia, or aid to African countries to reduce poverty and thus keeping the illegal migration under control. Motivation to interfere to the development of another country may differ across countries but the will to assure the security in your region and the safe development of your country is most probably one of these motivations (Pihlak, 2008: 158). Realists, as Chou and Poole (2015: 51) argue, are often regarded as pessimists. This also describes aid opponents who criticise that aid is not working, i.e. it is not effective. Another theory that fits here is liberalism which has developed from idealism school of thought. If for idealism-realism the only actors were states, then in the light of liberalism, actors are also international organisations, companies and individuals (*Ibid.*, 45) and the main interest is not only security but also well-being (Berg *et al.*, 2018: 79). Well-being in development aid often tends to be about donor country not the recipient, although in essence, it should be the contrary.



Second way, now concept-based, how development aid fits into IR is through globalisation and global problems, such as poverty, famine and climate change, which affect us all. Globalisation, as Stiglitz (2002 as cited in Huwart and Verdier, 2013) puts it, is “the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders.” Opponents of globalisation blame it for global inequality – an income gap between developed and developing countries - which has increased generally in recent decades together with the enlargement of globalisation (Ha and Kim, 2016: 257). Problem here is that not all the countries and people get the equal share from the closer integration which, in turn, results in before mentioned global problems which, in turn, could be solved through development aid.

Globalisation and global problems lead us to Complex Interdependence Theory introduced by Keohane and Nye. This theory “stresses the complex ways in which as a result of growing ties, the transnational actors become mutually dependent, vulnerable to each other’s actions and sensitive to each other’s needs” (Rana, 2015: 291). To ascertain the scale of interdependence, Keohane and Nye suggest two measures – sensitivity (how the actions of one state affect the other), and vulnerability (are there any alternative options to decrease the impact of one state’s actions to another) (Berg *et al.*, 2018: 69). In addition to Complex Interdependence Theory, globalisation proponents use liberalism (free market and wealth created through the division of labour) and neoliberalism (minimal state intervention) to explain it from theoretical point of view (Ha and Kim, 2016: 260-262); on the other hand, globalisation opponents refer to Marxism (developing countries are exploited by advanced countries), structuralism (existing international system is structurally biased in favour of rich countries, thus developing countries will be exploited by developed countries) and dependency theory (the North has made the South dependent on first one’s capital for short-term profits) (Ha and Kim, 2016: 264).

Thirdly, development aid is related to IR through norms. Björkdahl (2002: 9) writes that norms are important because they provide motivation for actions, thus guide our behaviour. International relations and global arena as a whole are regulated by the norms; norms are what makes the international order (Berg *et al.*, 2018: 149). “A state which does not conform to certain standards of behaviour towards its own citizens and more

particularly, towards foreigners will be branded as “uncivilized”” (Carr, 1981: 141). Lancaster (2007 as cited in Apodaca, 2017: 5) argues how providing foreign aid has become an international norm. “The allocation of foreign aid has become an accepted and expected standard of behaviour among developed states, a standard that is now being recognised among a greater number of middle-income states” (Apodaca, 2017: 5). Norms are changing in time (think about slavery or colonialism) and so is development aid – what is considered aid today, may be seem irrelevant in 10-20 years.

Fourthly, development aid can be viewed through the concept of soft power which was introduced by Joseph Nye. Soft power, as Nye (1990: 166) puts it, is “the power of attractive ideas or the ability to set the political agenda and determine the framework of debate in a way that shapes others’ preferences.” Soft power means the transformation of power to less transferable, coercive and tangible (*Ibid.*, 167). Nye was looking soft power from U.S. point of view. “For Nye, the basis of U.S. soft power was liberal democratic politics, free market economics, and fundamental values such as human rights – in essence, liberalism (Li, 2018). When Trump announced the cuts to foreign aid in 2017, then many lawmakers criticised this decision by saying that foreign aid “is a form of soft power, helping the United States achieve its interests in the world without resorting to more forceful tactics (Bermeo, 2017). There are a plethora of aid projects aiming to promote democratisation, improve economy and strengthen human rights.”<sup>9</sup>

To sum it up, there are several ways how IR views development aid. I find these theories and concepts being the most important. This list, though, is not exhaustive, and one could find many more which could fit here, but I tried to give a comprehensive overview of development aid in IR. The bottom line is that development aid is a vast area and different actors take and understand it differently. That explains why not everybody has the same motivation to provide aid or why there is not one and right way to measure its effectiveness. Concepts work as a bridge between the theory and the real world; between what is written in the literature on development and what is said by the practitioners working on the field. Thus, the aim of this sub-chapter is helping to analyse the factors explained below (sub-chapter 1.3) in the analytical part of this thesis (chapter 4).

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<sup>9</sup> Below it is written more about how these four donor countries are focusing on these areas in Ukraine.

### 1.1.3. Motivation for providing aid

Around 1% (\$39.3 billion in 2019 (USAID, 2018)) of United States' Federal Budget' is allocated for foreign aid each year. Although United States and USAID are only one example, it is a common understanding that the amount of money flowing to the aid industry globally is overwhelming. This is explained by realism theory which states that countries do everything to ensure their security, and the concept of globalisation-global problems. Taking into consideration the amount of global problems the whole world has to deal with, it sounds reasonable that development requires a lot of resources. People tend to understand that the main reason to provide development aid is to help poor countries to prevent the creation and diffusion of conflicts; in fact, development cooperation does not prevent nor resolve crises, nor does it alone stop the illegal immigration from Africa to Europe (Solnik, 2017). Better offer is that aid is provided to reduce global poverty and achieve sustainable development goals. But in reality, it is also only half the truth. What is the driving force behind the provision of aid? Van Lieshout *et al.* (2010: 26), for example, brings out self-interest and morality as two basic motives for development aid. Riddell (2007: 91-92) adds solidarity, historical ties and affecting states with a poor record of following human rights. The aim of this chapter is to elaborate these motives and see if there is any other to add to the already mentioned ones.

Self-interest as a motivation means that countries provide aid to get something in return. Realism is IR theory that explains self-interest the best. "Realism reveals what liberal institutionalist "theory" obscures: namely, that international institutions serve primarily national rather than international interests" (Waltz, 2000: 21). Waltz developed the idea of neorealism which also states the importance of national interest, though it sees cooperation as a mean for achieving one's goals (Berg *et al.*, 2018: 62). Van Lieshout *et al.* (2010: 31-32) distinguishes here three options – money, stability and influence. "For decades, commercial interests in all major donor countries have lobbied to gain access to aid funds, usually based on a "win-win" or mutual interest argument... jobs and exports will be expanded at home at the same time as development is boosted abroad" (Riddell, 2007: 99). Achieving commercial interests, mostly, means using "tying" the aid. This occurs when "a donor requires that aid recipients purchase the equipment... or other commodities made in the donor country or from the donor's corporations; use contractors or consultants from the donor country; or that the equipment be shipped via ships or

airplanes flagged in the donor country” (Apodaca, 2017: 7). Biggest aid-tiers historically have been USA, Greece, Canada and Austria; on the other hand, for example, Norway and Ireland have not tied their aid (Radelet, 2006 as cited in Apodaca, 2017: 7). This is a trend where instead of contributing to the wealthier and more stable world, donor countries are thinking more to their narrow interests, which, when considering the smallness, fragility and interdependence of the world today, is rather a short-sighted policy (Solnik, 2017).

Secondly, van Lieshout *et al.* (2010: 31-32) writes about influence as an option for self-interest motive. Riddell (2007: 96) writes: “The influence of non-developmental motives in the allocation of aid has varied, but for most, it has always been, and continue today, to be important.” Van Lieshout (2010: 32) adds that influence option is more used by smaller countries because it helps them to buy “a place at a table” which would allow them to make their voice heard. “Large countries are always able to make in impact in international arena... small countries carry less weight and development aid is one of the ways (Van Lieshout, 2010: 32). But it is not applicable only to smaller countries. China also uses this approach to influence other countries to support its “One China” policy (for example, providing aid for the non-recognition of Taiwan).

Last option for self-interest motive, according to van Lieshout *et al.* (2010: 32), is improving stability. This is especially relevant today when tens of millions of people are on the move in order to find themselves a better and more humane place for living. Development aid could be the way to halt the migration flow – improving the living conditions by providing aid and investing to the least developed countries should reduce the number of people who want to migrate only for economic reasons. On the other hand, one could argue over the usefulness of this approach considering how much resources have been provided to Africa, and how many people from Africa have already migrated to Europe or still waiting for their opportunity to do so. There is no stability without security. Pihlak (2008: 158) states that providing development aid is one part of state’s foreign affairs activities, which implicitly improves state’s own security. In her article, she brings out that the question of security should be viewed more widely than only from military point of view – for example, political instability, failed states, poverty, increasing inequality, scarcity of resources, overpopulation, uncontrollable migration etc (*Ibid.*, 164-

165). Taking it into account, then development aid is provided to maintain the stability in order to reduce security risks.

Could it be that aid is provided for the sake of raising one's self-esteem and making it (donor) feel better and more superior than other (recipient)? Bauer (1974: 17) blames development aid for being patronising: "... but our gifts are still supposed to be indispensable for their advance. Whatever happens to them is supposed to depend on us, which makes us feel superior even as we express feelings of guilt. We go on in our patronising way by calling the recipients of hand-outs partners in progress, as if they were children unaware of simple realities." His argument is supported by the Secret Aid Worker<sup>10</sup> (2016) who argues how a lot in development sector is done only for making donors feel better about using (neo-colonial) practices which do not benefit aid recipients at all.

#### **1.1.4. Criticism of development aid**

Together with being one of the most disputable issues in economic and foreign policy, it has also been heavily criticised. Taking constructive criticism into account is a driving force to improve providing aid. Thus, the aim of this chapter is to give an overview of how different authors have argued against the development aid. Here I have brought out three arguments against – aid being unquestionable, money and regress. Later, in the empirical part of this thesis, I am linking this to what practitioners who are working on the field have said and which problems they have brought out.

Bauer (1974: 16) calls aid axiomatic: the tendency is that everything can be explained with „progress“ - „progress is evidence of success, and lack of progress is evidence that more must be done; it is usually assumed that giving more aid means doing better, that more aid is more meritorious.“ “Don't go to the pub tonight. Please stay in and give us the money. There are people dying now! So, give me the money!” (Youtube, 2007). This is how Bob Geldof called on people to donate money for Live Aid in 1985. Though Live Aid was organised to relieve the suffering caused by Ethiopian famine, the approach of “we are doing good by giving them money” also describes development aid. This is a

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<sup>10</sup> The Guardian has a series of stories called „The Secret Aid Worker“ where people working in development sector are sharing their stories anonymously because of the sensitivity of the topic.

false understanding because resources alone do not guarantee the success, and more money alone does not mean development. Development needs certain conditions and if required conditions are unmet, then aid would be everything else than productive and effective. About the necessity of certain conditions, Bauer has also said that “what holds back many poor countries is the people who live there, including their governments. A society which cannot develop without external gifts is altogether unlikely to do so with them” (Bauer, 1974: 17.). Easterly and Pfutze (2008: 30) have studied the best and worst practices in foreign aid and their findings also shed some light on the fact that doing more and providing more aid does not mean better results for development: “Aid agencies are typically not transparent about their operating costs and about how they spend the aid money... and aid practices like money going to corrupt autocrats and aid spent through ineffective channels like tied aid, food aid, and technical assistance also continue to be a problem despite decades of criticism. Riddell (2009: 55) supports this by saying: “There are definitely cases of failure, and in aggregate, they involve significant sums of money, almost certainly amounting to many hundreds of millions of dollars a year. Likewise, there are cases... of project money and resources “going astray”, being channelled into uses other than those intended, including people’s pockets.”

Moyo (2009 as cited in Bhagwati, 2010) argues in her book „Dead Aid“, using the example of Africa, how foreign aid instead of progression, has made recipient countries to regress. She claims that foreign aid has become an industry where there are too many vested interests (Youtube, 2009) and the reason how aid has made recipient countries regress is the creation of a culture of dependency – officials who are elected to do their job are not taking any steps to change the status quo but instead, they are waiting for new money and assistance from donors. This is explained by the dependency theory which gained its popularity in the 1970s mostly in South America, and which states that economic development of one country is the result of development and growth of another country (Berg *et al.*, 2018: 337). The problem here is that foreign aid (together with foreign capital) is filling the gap that today’s donor countries themselves once created, and this allows them controlling more other state’s economy (*Ibid.*).

To conclude with, aid cannot be taken unquestionably because it diminishes the possibility for it to improve. Pumping in resources for the sake of giving more is far from being effective, and instead of considering it axiomatic, it is necessary to ask more

questions and keep the discussion over aid ongoing. In order to overcome the dependence, Turhan (2018: 270) argues, there has to be a qualitative change of dependent country's microstructures and foreign affairs. As far as there is no such change, regression will not stop, and foreign aid continues working for everyone but not for those it was meant to help, as Easterly (2002) puts it.

## 1.2. Aid effectiveness

We could use "effectiveness" to see if foreign aid works but unfortunately, this term is too abstract, and thus complicated to measure. BusinessDictionary (no date) explains "effectiveness" as following: "The degree to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without the reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing." Many authors have studied if foreign aid works or not (see Radelet, 2017; Edwards, 2014; Riddell, 2007 etc). On the other hand, there is not a clear understanding of how to make sure if it works or not. This sub-chapter is built up on theoretical literature on aid effectiveness

Economic growth could be one way how to measure the effectiveness of development aid. In practice, though, it is more complicated because there are different economies where people can live. For example, an economy where living is made by herding and exchanging goods versus the one which stands on technology and big transnational corporations (Black, 2007: 52-53). It does not take much to understand that the same aid intervention cannot be beneficial for both sides. In development aid it is called "invisible economy" – people who have never had land, whose economic status is often unknown and whose life can be seriously affected when something for the sake of economic growth and development (dams or factories) is built on the lands they used to live and plant crops. Also, people living in these so-called "grey zones" are not benefiting from the development aid – money can be in circulation, but social services, for example, are not applied to them (Interview with Villsaar, 18.02.2019). On the one hand, it is a challenge, but on the other hand, it provides more opportunities – speaking about Africa, then people are struggling with getting ID-s and birth certificates (when asked hypothetically, then why should a poor African farmer spend 2-3 days to get to the city to register the birth of his/her newborn baby), but at the same time, while a lot of people are having mobile

phones and access to Internet, it means that the aid effectiveness could be improved if all the technological means are being used for the sake of development (*Ibid.*).

Studying economic growth as a measurement for aid effectiveness is as old as providing development aid itself, and several scholars have studied this issue (see Mallik, 2008; Burnside and Dollar, 2000; Skarbek and Leeson, 2009). Mallik (2008), for example, studied the impact of aid to the poorest African countries; his study was motivated by the sad truth that after 35 years of assistance and over one trillion dollars spent on aid there are still plethora of countries in poverty. Results of his study showed that when it comes to the poorest Sub-Saharan African countries, then there is no significant effect on foreign aid to economic growth (*Ibid.*, 259). He argued that reasons for that could have been low level of human capital, weak institutions, volatility of aid flows or lack of fiscal discipline. Burnside and Dollar (2000: 847) found that good policies are the most important for growth: “Aid has a positive impact on growth in developing countries with good fiscal, monetary, and trade policies but has little effect on the presence of poor policies.” Totally different perspective is offered by Skarbek and Leeson (2009) who sought an answer to the question whether aid works and what can it do. They argued that both – aid proponents and opponents – are right about aid being effective or not but it all depends on what is under consideration. As soon as it comes to economic growth, aid has failed because it does not offer “a solution to the economic problem of how to allocate resources in ways that maximise their value” which economic growth requires (*Ibid.*, 396).

It appears from the previous paragraph that economic growth rather does not help us here. Skarbek and Leeson (*Ibid.*, 394) also stated that “aid is more effective when it is aimed at a singular, predetermined end, such as reducing malaria.” I believe this is how we should look at development aid – aid should not be provided for the sake of economic growth because it is clear that it is not how it works, but for dealing with certain problems, such as reducing malaria. To support this argument, number of studies (see Collin and Zimmermann, 2007; Gallup and Sachs, 2003) found that malaria can negatively affect the economy by creating a “malaria trap”.<sup>11</sup> Development aid practitioners also point out that economic growth is not the only feature that shows the effectiveness, rather it is important

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<sup>11</sup> In case of “malaria trap,” malaria causes poverty which, in turn, makes disease prevention unaffordable. This can reduce income per capita by half. (Gollin and Zimmermann, 2007: 20)



to see human development. This is measured by Human Development Index which gives a diverse reflection of country's state and position in comparison with other countries (Berg *et al.*, 2018: 111). In addition, one could take Social Progress Index which is somewhat an elaboration to Human Development Index (*Ibid.*, 116).

When it comes to aid effectiveness, then it is also important how major agreements on development are stipulating the effectiveness – Paris Declaration and Accra Agenda. Paris Declaration<sup>12</sup> (2005: 3) states that for effective aid, partner (recipient) countries should be the owners of their own development and donors have to support them in holding and exercising the leadership. As said above, this idea was also reflected in Millennium Development Goals (Goal Eight). Accra Agenda<sup>13</sup> which is a continuation of Paris Declaration also states that “countries determine their own development strategies by playing a more active role in designing development policies, and take a stronger leadership role in co-ordinating aid” (OECD, no date).

To add more value to “aid effectiveness” then, in my opinion, we should also consider Do-No-Harm principle. Being usually used in conflict sensitivity context (CDA Collaborative Learning Projects, no date), Do-No-Harm principle fits well also to development aid where it means that intervention is done in a way that does not make the situation for the recipients worse. For example, aid agency is working on founding a new landfill to improve the waste management system but in order to do so, several families are forced to abandon their homes because their houses are in the way. It is a principle that aid agencies often do not think about – they start intervening (allocating money and/or giving technical assistance) without properly thinking how it could affect the recipient (whether it is about the local community or the recipient country as a whole). Last but not least, effectiveness cannot be taken separately from efficiency. “Killing a fly with a nuclear bomb is extremely effective, but is it also efficient?” (Interview with Gronvius, 27.03.2019). As money for development projects is coming from tax-payers, it is essential to make sure it is not wasted, and it gives the best results possible.

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12 Paris Declaration is a practical roadmap to improve the quality of aid and its impact on development (OECD, no date);

13 Accra Agenda is a statement endorsed in 2008 which is meant to strengthen the implementation of Paris Declaration (OECD, no date).

Carefully planned project/programme objectives together with Do-No-Harm principle carried out in an efficient way is only part of the equation. Other important part in aid effectiveness is strategy which is usually done for several years and which pre-determines which aid is provided where. Sweden, for example, has one common strategy for the Balkan countries, Moldova, Georgia, Turkey and Ukraine for 2014-2020. “Strategy is an umbrella, based in which you have very concrete contribution in several areas” (Interview with Khudur, 17.12.2018). Estonia’s development aid in Ukraine is guided by Strategy for Estonian Development Cooperation and Humanitarian Aid 2016–2020, additionally there is a Country Strategy Paper for each year.<sup>14</sup>

### 1.3. Possible factors

For the purpose of answering the first research question, I mapped the possible factors based on the literature on development aid and strategic documents (strategies and reports) meant for public use from the chosen donor countries and their corresponding aid organisations. Also, discussions with development cooperation practitioners were really helpful in the planning process of this thesis. In the end, I decided to stick to the list of seven factors, although in the beginning I had twice as much under consideration – 15, to be precise. These were as following:

<b>Corruption</b>	Coordination	Lack of trust
<b>Security</b>	<b>Tied aid</b>	<b>Timing</b>
Weak institutions	<b>Aid fragmentation</b>	<b>Targeting</b>
Poor governance	Bureaucracy	History
<b>Knowledge of local conditions</b>	Sufficient rule of law	Resources

The reason for decreasing the number was that several factors could be fitted under one “umbrella” category – for example, bureaucracy, weak institutions, poor governance and sufficient rule of law are all the part of “knowledge of local conditions”. Lack of trust could fit under corruption factor. Coordination is something which is part of aid fragmentation. Resources suits both tied aid and aid fragmentation, also knowledge of local conditions. Also, there were factors which in the end did not seem relevant to

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<sup>14</sup> The aim here is not to describe completely how strategies for development cooperation are done and which country uses what strategy but to support the argument how strategies are related to aid effectiveness.

development but rather humanitarian aid and using these for the analysis would have not contributed to this research anyhow. I also believe that choosing seven factors instead of 15 helps me to make an analytical part of this thesis more coherent. Most of the factors listed here are very complicated, if at all possible, to measure.

### **Knowledge of local conditions**

Knowledge of local conditions is essential for the provision of development aid. Partly, these conditions were already explained – corruption and security, but in this context, important conditions are also rule of law, state of institutions and governance. Riddell (2007: 372) explains governance as following: “Governance is the activities, institutions, and processes involved in effectively managing and running a country’s affairs in all its different spheres, economic, political and administrative, including the relationships between the state and the wider society.” Not knowing local conditions supports the “one-size-fits-all” approach and in this case the failure is already pre-determined. What fits to Georgia, cannot be applied to Ukraine without making any adjustments, and vice versa.

### **Tied aid**

Tied aid means that the donor country provides money for aid with a condition to buy goods and/or services from the donor country. Report from Commission for Africa (2005 as cited in Easterly, 2007) concludes well where the problem with tied aid lies: “Rich countries pursue their own fixations and fads... They tie aid so that it can only be used to buy the donor’s own products or services – effectively reducing the value of aid by as much as 30 per cent... They continue to attach unnecessarily detailed conditions to aid packages.” Easterly and Pfutze (2008: 45) consider tied aid together with food aid and technical assistance the most ineffective ways of providing aid. “Tied aid comes with the requirement that a certain percentage of it has to be spent on goods from the donor country, which makes the recipient likely to be overcharged since it increases the market power of the donor country's firms and often amounts to little more than ill-disguised export promotion” (*Ibid.*). One with the biggest amount of tying aid has been Canada but within the last couple of years Canada has done a lot to untie it – when in 2013 it was around 7 percent, then couple of years earlier it was 21% (OECD, 2013 as cited in Smillie, 2016: 93). The measurement for tied aid is the percentage of how much the recipient country must use goods or consultants provided by the donor country. Here, I believe, it

is important to note that aid cannot be completely untied; otherwise the aid is accepted and used by people who were not supposed to use it and for purposes it was not meant to be used. Tied aid can be measured when studying the regulatory barriers that development agency has set to its requirements. Total level of tied aid is impossible to measure because the reporting from donors is often unclear or incomplete (Easterly, 2007: 642).

### **Aid fragmentation**

Aid fragmentation occurs when aid is provided by too many sources and spread over too many programmes (Deutscher, 2009: 36). Van Lieshout *et al.* (2010: 114) argue how expensive aid fragmentation is and how complicated does it make for recipient governments to develop consistent policies because everybody – NGOs, bilateral donors, international organisations – have different wishes and requirements. The result of aid fragmentation is that everybody seems to get something but, in the end, no one gets anything. The Paris Declaration of Aid Effectiveness (OECD, 2005: 17) states that “the effectiveness of aid is reduced when there are too many duplicating initiatives, especially at country and sector levels.” On the other hand, Dreher *et al.* (2018) argue that, whether aid fragmentation is harmful or beneficial for the recipient country, is all context-specific, and the competition between donors does not necessarily mean that it is negative. “It is intuitively plausible that a growing number of intervening partners in development cooperation raises transaction costs and represents a burden on developing countries’ administrative capacities. At the same time, a greater number of donors active in a country may bring up more innovative ideas, allow the recipient government to benefit from a variety of experiences, and put the recipient government in a more powerful position to make its own decisions, thereby enhancing ownership” (Gehring *et al.*, 2017: 321). Aid fragmentation is more distinctive in the case of humanitarian aid because a tragic event, whether it is man-made or natural, occurs rapidly and there are much more people who feel the urge to intervene in order to save as many lives as possible. For measuring aid fragmentation, OECD (Deutscher, 2009: 37-38) suggests Country programmable aid (CPA) which reflects the amount of aid that can be programmed at partner country level. CPA excludes humanitarian aid, administrative costs, food aid, core funding of NGOs and contributions to Public-Private Partnerships (*Ibid.*). Easterly (2007: 641) also suggests donor fragmentation index (also fractionalization index).

## **Corruption**

Power and money are the ideal hotbed for corruption. There is no clear understanding of how much aid is stolen. Senator Paul Rand stated that 70% of all aid gets stolen but, this percentage is actually much lower (Kenny, 2017). On the other (and problematic) side, the real share of aid getting stolen remains unclear (Easterly and Pfutze, 2008: 32-33). As controversial as it seems, the issue of corruption in development aid can be also seen from the positive side because it pressurises donors to demonstrate better where and how the aid is spent, thus making it more transparent and donors more accountable (David-Barrett, 2017: 1). Like in aid fragmentation, corruption often occurs in humanitarian aid, especially when it comes to such aid that is brought to country and has to be transported over the border; in order to speed up the process, border officials may start hinting that there is a faster way to get things done. This was one of the challenges that Eero Janson (Interview, 23.03.2018), the director of Estonian Refugee Council brought out. Measuring corruption itself is complicated, not to mention measuring corruption in development aid. The problem here is that the perception of corruption is different - illicit action for one person may be completely normal for another. For measuring corruption, the Corruption Perceptions Index which Transparency International publishes annually, can be used.

## **Security**

The biggest challenge that security represents for development cooperation is uncertainty because whenever the level of security decreases, aid projects can be abandoned for uncertain period of time. Security plays a bigger role in humanitarian aid because food or medical aid is provided already on the course of emergency, and development projects, if at all, are starting to take place when security situation improves. Security in development cooperation becomes an important matter when something happens/changes rapidly, for example, incident between Russian and Ukrainian ships and soldiers on the Azov Sea in November 2018. After that no one knew what could happen next and how would the Martial Law affect the cooperation between donor organisations and recipient country institutions. Security is not only about armed conflict; it can also be related to country's internal politics – high level of corruption and poor governance make an ideal hotbed for protests, and again, no one could foresee how serious it could go. When it

comes to Ukraine, then the level of security is especially low in the eastern part of the country (Donbas) because of the ongoing war with Russia. Nevertheless, development agencies are actively working all around Ukraine, and seemingly without security-related problems<sup>15</sup>.

### **Targeting and timing**

First of all, aid is not allocated only to those who are in need, but the allocation is shaped and influenced a lot by the donors' interests, whether these are strategic, political or commercial. Riddell (2007: 358) argues that if aid was only allocated to those in need, three times more people could be saved from poverty. He (*Ibid.*, 370) develops this thought by arguing that aid works best when provided to those who are strongly committed and capable of using it well.

Secondly, timing – when is it the most beneficial to start intervening? Wrong timing could obstruct the whole implementation process which, in the worst-case scenario, means that a lot of money is wasted by achieving nothing. Another side is that when the project is implemented, then results are rarely noticed immediately. That is what makes development projects so time-consuming. Lastly, question of coordination. Target and timing can be measured while developing the intervention and later in the process of monitoring and evaluation. To the best of my knowledge, there is no model nor formula for measuring the targeting and timing in development cooperation, but it can be done with setting the right indicators and targets, and knowing well the local conditions.

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<sup>15</sup> Number of journalists have written about the „forgotten war“ in Ukraine, which means that everywhere else but in Donbas or near the actual control line one could not tell that Ukraine is a country at war which has killed over 10 000 people already.

## 2. Research design and methodology

In the broadest sense, this thesis is between the single case and comparative study. The focus is on the single case – development aid in Ukraine – but mapping the factors with the help of chosen donors is what adds the comparative dimension to it. Landman (2008: 86) calls it a single-country study which is “any study in which a single country forms the basic unit of analysis, but which may also be broken down into smaller units across time and space, by examining sub-national variation across states in federal countries, other administrative units in unitary systems, as well as other appropriate units of analysis, such as individuals.” When it comes to single-country study, then “it is possible to focus on the particular features of a country while at the same time relating those features to broader sets of research questions in the field of comparative politics” (*Ibid.*).

### 2.1. Case selection

This research focuses on a single country – Ukraine. Ukraine was chosen for a number of reasons. First and foremost, Ukraine is often “in the picture” because of the ongoing war and the need for both humanitarian and development aid. The latter skyrocketed in November 2013<sup>16</sup> and since then Ukraine has been a huge arena for multiple donors. In addition to single country, this study focuses on four development aid donors which are the following:

- Germany (GIZ)
- Sweden (SIDA)
- Switzerland (The Swiss Agency for Development and Cooperation)
- Estonia (Estonian Development Cooperation)

Germany and Sweden are among the biggest donor countries to Ukraine (Ukrinform, 2018). Switzerland, together with Germany and Sweden (also other Nordic countries) has contributed to providing the successful technical assistance projects for institution-building in Ukraine and they have developed a number of good practices (Wolczuk and Žeruolis, 2018: 23-24). Switzerland is also an interesting case because it was chairing the

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<sup>16</sup> When President Yanukovich refused to sign the Association Agreement with the EE, it was shocking both for the EU and many Western donors, and they understood it is time to step up and help Ukraine (Interview with Disler, 03.01.2019).

OSCE in 2014 during the most critical time in Ukraine, and they have always had an important role in conflict management in Ukraine. Estonia, on the other hand, is a small donor but it has a similar experience to Ukraine (both belonged to the Soviet Union and both regained their independence at the same time) and Estonian Development Cooperation works differently than, for example, GIZ. I believe this could add value to the comparison dimension of this thesis.

## 2.2. Interviews

For the purpose of answering the second research question, I carried out interviews with people from the same donor countries working in Ukraine or related to development projects there. Altogether, I conducted 14 interviews<sup>17</sup> with 10 participants – out of which eight were in person and six via Skype – with open-ended questions. In my opinion, the latter was the only option for these interviews because open-ended questions do not set limits to answers and it allows to ask additional and/or explaining questions, if necessary. To improve the analytical part of this thesis, I conducted the follow-up interviews with some of the participants (unfortunately, not all of them were available for the second interview). For the sake of clarity, I have to mention that two interviews (with NGO Mondo and Estonian Refugee Council) were conducted in Spring 2018 with the focus on humanitarian not development aid, but both of these interviews gave me the understanding that the line between two types of foreign aid is very blurry and in the end, these interviews handled both topics – humanitarian aid and development aid. Thus, I am taking the freedom to use the parts from these interviews related to development aid in the analytical part of this thesis.

Interview questions are divided into three separate blocks – development aid in general, Ukraine, and retrospect and future vision. First block helped me to get to know better the organisation (and donor country) the interviewee represents; in addition, it contributes to the theoretical framework. Second block was about Ukraine and there we mostly discussed the possible factors affecting the provision of development aid. Last block is a kind of a retrospect to the aid provided so far.

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<sup>17</sup> All the interviews are conducted and transcribed by the author of this thesis.



Below is the list of interviewees together with their organisation and position, and questions for interviews:

- 1) Janson, E. (2018) Interview, director of Estonian Refugee Council. Skype, 23.03.2018;
- 2) Svištš, V. (2018) Interview, expert of humanitarian aid at NGO Mondo. Kyiv, 11.04.2018;
- 3) Gordiienko, O. (2018) Interview, adviser at GIZ. Tallinn, 09.12.2018; follow-up interview took place in Kyiv, 17.04.2019;
- 4) Khudur, K. (2018) Interview, Director of U-LEAD (SIDA). Skype, 17.12.2018;
- 5) Zhuravel, T. (2018) Interview, Project Director at GIZ. Skype, 27.12.2018; follow-up interview took place in Kyiv, 16.04.2019;
- 6) Disler, C. (2019) Interview, Senior adviser at SDC. Skype, 03.01.2019; follow up interview took place in Kyiv, 11.03.2019;
- 7) Brömling, G. (2019) Interview, Project Director at GIZ. Skype, 04.01.2019;
- 8) Gronvius, D. (2019) Interview, First Secretary of Reform Cooperation at SIDA. Skype, 04.01.2019; follow-up interview took place in Kyiv, 27.03.2019;
- 9) Villsaar, K. O. (2019), Interview, Policy Officer at Estonian Roundtable for Development Cooperation. Tallinn, 18.02.2019;
- 10) Ennok, H. (2019) Interview, First Secretary (Economic Affairs, Development Cooperation and Humanitarian Aid) at the Embassy of Estonia in Kyiv, 08.05.2019.

In addition, I had a number of discussions/consultations which do not qualify as interviews, but which helped me understand the context and which I find very beneficial for the thesis:

- 1) Marju Tooding from Estonian Ministry of Foreign Affairs
- 2) Anatoli Ljutjuk from Ukrainian Cultural Centre in Tallinn
- 3) David Brennan from U-LEAD with Europe Programme (GIZ) in Kyiv
- 4) Roland Hackenberg from U-LEAD with Europe Programme (GIZ) in Kyiv

Below are the open-ended questions for interviews:

**I block - development aid in general**

- 1) Introduction of your organisation;
- 2) What do you consider an effective development aid?
- 3) What are the biggest problems in the provision of development aid?
- 4) What are the most important factors one needs to think about before planning and implementing (development aid) intervention?

**II block – Ukraine**

- 1) If and how does Ukraine differ from other aid recipient (post-Soviet) countries?
- 2) What are the most important factors one needs to think about before planning and implementing (development aid) intervention in Ukraine?
- 3) When it comes to Ukraine, then how do the following factors affect the provision of aid:
  - a. Tied aid
  - b. Aid fragmentation
  - c. Security
  - d. Corruption
  - e. Timing
  - f. Targeting
  - g. Knowledge of local conditions

**III block – retrospect and future vision**

- 1) Can you see that things are changing for better?
- 2) Has the aid been effective? Is there a room for improvement?
- 3) Are there any big changes that need to be undertaken?

### 2.3. Possible limitations

There are several possible limitations I could think of. Firstly, one could not generalise, e.g. apply the results of this research to other aid recipient countries. Although generalisation is not the aim *per se*, I believe it would still be possible but only to a certain extent, and it also depends on the recipient country. For example, one could draw a parallel between Ukraine and neighbouring Belarus and Moldova, in a lesser extent also between Ukraine and other post-Soviet countries. When it comes to aid recipient countries in Asia or Africa, then it would be more complicated.

Secondly, this thesis will not allow to make fundamental conclusions about aid effectiveness. This is a descriptive research which seeks to give a quick overview of what needs to be considered before we could actually talk about aid effectiveness. I believe that aid effectiveness as a separate research topic takes much more than one master thesis – it takes years of working experience in the mentioned field and knowing the topic more thoroughly.

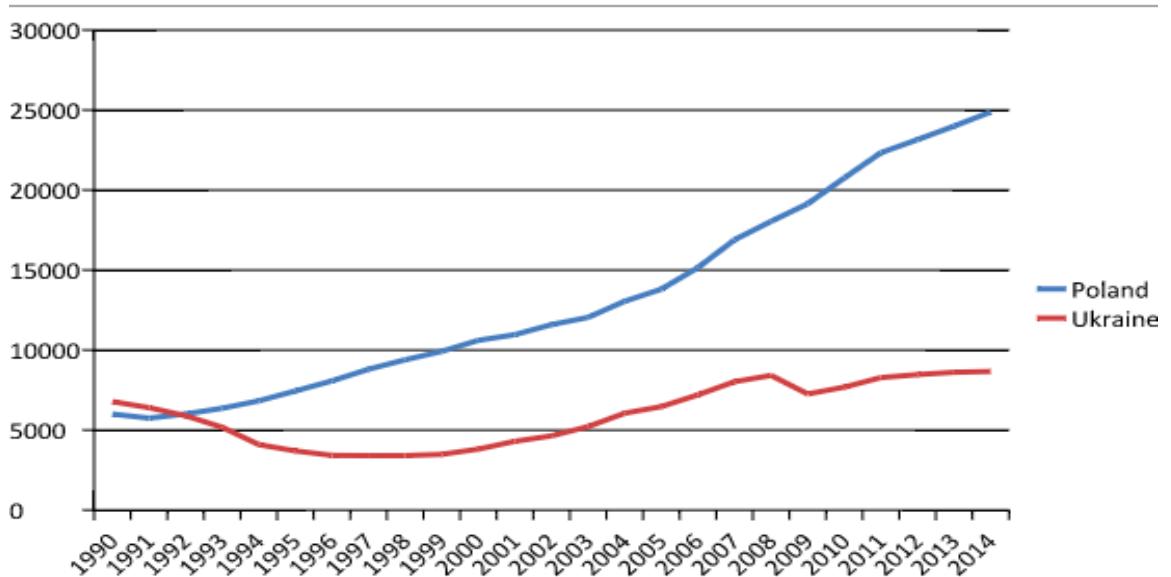
Thirdly, theoretical part is focusing too much on Africa. Reason for this is that Africa with its development, in comparison to other continents, is unquestionably the most researched. There is a separate chapter in this thesis which aims to give an overview of Ukraine and foreign aid provided to it, and one of the aims of this chapter is to decrease the focus on Africa and reset it to Ukraine.

### 3. Country overview – recipient and the donors

#### 3.1. Ukraine – recipient

Ukraine is the second biggest country in Europe by territory. According to United Nations report „World Economic Situation Prospects“, Ukraine is considered an economy in transition (2018: 141) which, figuratively said, means being between developing and developed. Transitional economy is economy which „is in the process of changing from a centrally planned economy to a free market (Encyclopedia.com, no date). Transition to free market takes usually around ten years but for Ukraine, this process has been slower. Having an ongoing war with Russia, high level of corruption and unstable political situation do not make it any easier nor faster. Ukraine has a lot to gain from development aid, therefore it is essential to know Ukraine’s background a bit more. Thus, the aim of this chapter is to give readers a brief overview of how Ukraine has reached to the point it is now.

In 1991, when Soviet Union collapsed, all post-Soviet states (and not only) were behind the same starting line but not all have been doing equally good.



GDP per capita in Poland and Ukraine, international dollars\* using purchasing power parity rates

(Source: Worldbank as cited in Gordiienko 2016)

Åslund (1995: 126) writes: “As a newly liberated nation that had been largely under Russian hegemony for more than three centuries, Ukraine was preoccupied with its national security and its identity. Democratization and economics became secondary

concerns.” This together with a lack of political will and leadership (which perfectly described country’s first president Leonid Kravchuk) started to push Ukraine towards hard times. Developing Ukraine was not the most pressing question for the West. “In Ukraine as a post-Soviet core-state with close historical, social, economic and cultural ties to Russia, an intrusion of Western institutions into Russia’s Cordon Sanitaire was absolutely inconceivable” (GIZ, 2018: 15). Despite being one of the biggest US aid recipient and seeming to have found the way how to successfully balance between Russia and the West, crony capitalism together with rampant corruption and political instability described Ukraine the best in the beginning of 2000s (Yekelchuk, 2015: 78).

The first years of 2000s are also known for Kuchmagate<sup>18</sup>, creating of large democratic coalition called “Ukraine without Kuchma”, parliamentary elections in 2002 and high-scale fraud in presidential elections in 2004 (*Ibid.*, 89). The latter acted as a catalyst that started the protests in Maidan, known as the Orange Revolution. The number of challenges Ukraine was facing did not decrease after the Orange Revolution – freshly-elected president Yushchenko had to fight with Kuchma’s corrupt and criminal legacy, bridge the division between eastern-southern and western-central regions of Ukraine, deal with the officials participating in the election fraud, reform the media and resolve the rising budget deficit (Karatnycky, 2005). Above all, Yushchenko had to find a way for pragmatic relationship with Russia. Russia, on the contrary, carried a huge loss due to Yushchenko’s success in the election and instead of a pragmatic relationship, it responded to Ukraine with the rapid increase of a gas price – at first from \$50 to \$230, which after the negotiations became \$95 (Yekelchuk, 2015: 96). For Ukraine’s economy it still had a catastrophic result. The time in Ukraine between two revolutions – the Orange Revolution in 2004 and the Revolution of Dignity in 2013 was full of political fighting, instability and uncertainty. “Corruption and cronyism were supposed to give way to transparency and democracy. “Bandits” were meant to be jailed, dubious privatisations were meant to be reversed. EU and NATO membership appeared to be within reach”

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18 In 2001, tapes where Kuchma allegedly confessed ordering the murder of government-critic journalist Georgy Gongadze were revealed. Number of political experts predicted that revealing of these tapes marked the end of Kuchma’s political career, and that Kuchmagate was also “a key moment in the evolution of Ukrainian institutions” (Åslund and Lieven 2001).

(Mulvey, 2006). Today it does not look anything like that; the same problems have maintained.

Another important chapter for Ukraine started in November 2013 when then-president Viktor Yanukovych decided to abandon the Association Agreement with the European Union and opt for having closer ties with Russia. Association Agreement was already under discussion in 2006; it was initialled in March 2012 (Gardner, 2014). Yanukovych's decision not to sign the agreement had very serious and long-standing results. It was a catalyst to a series of events - large-scale protests in Kyiv, more known as Euromaidan or "Revolution of Dignity" which resulted in removing Yanukovych from power couple of months later; political agitation in Crimea and Eastern-Ukraine and the annexation of Crimea by Russia in March 2014 – which resulted in a military conflict between Russia-supported separatists and Ukraine's National Army. Ukraine found itself in a deadlock, both politically and crisis-wise. Conflict that diplomats call "inactive" and soldiers fighting for Ukraine "like a slowly moving tripper" (Piirsalu, 2018) does not show any signs of solution. International Crisis Group's report "Ukraine: Running out of Time" (2014: 16) concludes that the crisis in Ukraine is the result of years long mismanagement and high level of corruption. Management in Ukraine has not gotten much better – in 2016, the same NGO called President Poroshenko a "master of procrastination" (International Crisis Group, 2016: 7; see also Kyiv Post, 16 March 2018) because he has not done much for fighting with corruption (rather obstructing it).

### 3.2. Germany (GIZ) – donor

*Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) is a German development agency founded in 2011 after the merger of three German development organisations – DED, GTZ and InWEnt. Together with these three organisations, GIZ has over 50 years of experience in a number of areas from economic development to energy, from peace to security (GIZ Profile, no date). GIZ is cooperating with businesses, NGOs and research centres in over 120 countries and its main commissioning partner is the German Federal Ministry for Economic Cooperation and Development (BMZ) (*Ibid.*). GIZ has been active in Ukraine since 1993 (GIZ Worldwide, no date). GIZ is working on behalf of five Federal Ministries of Germany, also for the European Union, the UK AID and the Swiss State Secretariat for Economic Affairs. Currently, good governance, energy

efficiency and sustainable economic development are on the focus of GIZ actions in Ukraine (GIZ in Ukraine, no date). Success stories that GIZ has in Ukraine are encompassing building and supporting the PROZORRO online procurement system which has helped the Ukrainian Government to save over 1.6 million euros; the campaign “Don’t give AIDS a Chance!” which has reached 39% of Ukrainians, and U-LEAD with Europe Programme which aims to strengthen the amalgamated communities by giving them more resources and responsibilities (*Ibid.*).

### 3.3. Sweden (SIDA) – donor

Swedish International Development Cooperation Agency (SIDA) is a government organisation which has two main aims - reducing poverty in the world and reform cooperation in Eastern Europe. SIDA is operating with about a half of the Swedish aid budget which is about one percent of Swedish GDP (About Swedish development cooperation 2017, no date). SIDA is active in 35 countries in Asia, Africa, Europe and Latin America and in Ukraine SIDA has been working since 1995 (Our work in Ukraine, 2015). Sectors where SIDA is active in Ukraine are the following: market development, democracy, human rights, decentralisation and energy efficiency; in addition to development aid, SIDA is also providing humanitarian aid due to the conflict in eastern Ukraine (*Ibid.*). SIDA’s work in Ukraine is shaped by the “Results strategy for Sweden’s reform cooperation in Eastern Europe, the Western Balkans and Turkey.” In 2018, SIDA has provided Ukraine USD 19.9 million worth of aid<sup>19</sup> ((Openaid.se, no date).

### 3.4. Switzerland (SDC) – donor

Switzerland started providing foreign aid after the end of World War II when Swiss Donation was founded. Swiss Agency for Development and Cooperation was created in 1996 after the renaming of Directorate of Development and Technical Cooperation and Humanitarian Aid for Central and Eastern Europe. The latter suggests that SDC is operating only in Central and Eastern Europe, but SDC is active in many countries on four continents (most of the countries are in Africa). (Portrait: SDC in brief, no date)

In Ukraine, Switzerland is implementing its development project through three actors – in addition to the Swiss Agency for Development and Cooperation (SDC), there are also

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<sup>19</sup> Among this is USD 4.9 million of emergency aid which is not relevant for the purpose of this work.

Swiss State Secretariat for Economic Affairs (SECO) and the Human Security Division (HSD) within the Swiss Federal Department of Foreign Affairs (Swiss cooperation strategy for Ukraine, 2015-2018: 8). As SDC is the Swiss Government's centre of competence for international cooperation, I am only focusing on that. Swiss contribution to Ukraine's development is guided by the Swiss cooperation strategy for Ukraine 2015-2018 which takes into account all the challenges Ukraine is facing. There are four key sectors Switzerland is focusing on: decentralisation, health, energy and economic development (Swiss cooperation strategy for Ukraine, 2015-2018: 8). During the cooperation period 2011-2014, Switzerland successfully supported Ukraine's local governance and public services, reproductive health, sustainable energy management and financial and economic sustainability (*Ibid.*, 14-16). For 2015-2018 the goal for Switzerland was "to promote cohesion, inclusive democratic governance and sustainable socio-economic development in Ukraine aiming at a peaceful, equitable and prosperous society" (*Ibid.*, 19). In order to implement the projects stated in the cooperation strategy, the budget for the period 2015-2018 amounted to CHF 99 million<sup>20</sup> which is over 70% more than the budget for period 2011-2014 (CHF 57 million<sup>21</sup>) (*Ibid.*, 23). Among the completed projects in Ukraine are Development of Citizenship Competences, E-Governance for Accountability and Participation and Decentralisation in Ukraine (Switzerland's activities in Ukraine, no date).

### 3.5. Estonia (Estonian Development Cooperation) – donor

Estonia does not have its major aid agency but nevertheless, Estonia has systematically contributed to development aid since 1998 (Principles of Estonian development cooperation, 2003) Together with development and humanitarian aid, Estonia's contribution has increased 100 times within 20 years – when in 1998 Estonia allocated 0.39 million euros, then in 2017 it was already 38.2 million euros (Kressa, 2018). According to Strategy of Estonian Development Cooperation and Humanitarian Aid 2016-2020 (no date: 11-12), priority countries for Estonia are Afghanistan, Belarus, Georgia, Ukraine and Moldova. Among others, goals for Estonian development cooperation are supporting the quality of education and development of healthcare,

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<sup>20</sup> EUR 87.4 million

<sup>21</sup> EUR 50.3 million



contributing to the development of democracy and guaranteeing human rights, and promoting economic development (Strategy of Estonian Development Cooperation and Humanitarian Aid 2016-2020, no date: 4-5).

Ukraine has been a priority country for Estonian Development Cooperation since 2006, and it was the first country to get aid when Estonia started providing it (Principles of Development Cooperation between Estonia and Ukraine 2017-2018, no date: 2). Throughout these years, Estonia has contributed a lot to education, e-governance and training of Ukrainian officials (*Ibid.*). As noted before, the need for foreign aid in Ukraine boosted in 2014, thus Estonian aid to Ukraine within the last couple of years has also increased rapidly – money allocated for development cooperation in 2014 was 0.68 million euros, but in 2017 it was already 1.5 million euros (*Ibid.*, 3). Some examples of recent development projects in Ukraine are strengthening good governance and democratic processes with Estonian Centre of Eastern Partnership, organising IT-courses and hackathons with Garage48 Foundation, capacity building of the Diplomatic Academy of Ukraine with Estonian School of Diplomacy and supporting educational reforms in Ukraine with Foundation Innove (Estonia's Support for Ukraine in Facts and Figures, no date). In addition, Estonia is contributing to the biggest development project in Ukraine – U-LEAD with Europe Programme – which is implemented by GIZ (amalgamating hromadas<sup>22</sup>) and SIDA (developing administrative centres).

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<sup>22</sup> Hromada – small local community. The idea behind amalgamation is to make these communities bigger and stronger by giving them more responsibilities and resources.

## 4. Analysis

In the theoretical part of this thesis, I opened the topic of development aid and argued how is aid effectiveness viewed by different authors. I also mapped the possible factors affecting the provision of effective development aid which was to answer my first research question posed in the introduction. Previous chapter was about the countries which are on the focus of this work – Ukraine, Germany, Sweden, Switzerland and Estonia. The purpose of all this was setting the ground for answering the second research question which was also posed in the introduction: How could these factors be applied to Ukrainian context? Below is the analysis of these factors in Ukrainian context which is based on the interviews with practitioners working on the field. Before moving on to the factors I am analysing the problems in development aid through the eyes of practitioners. I find it important to know because I believe that taking the factors into consideration while planning and implementing an aid intervention could help us solve the problems which practitioners had brought out. Analysing factors is followed by discussion based on the last block of interview questions, where I am trying to discuss if aid has been changing things for better for Ukraine and are there any big changes that need to be undertaken in the provision of development aid.

Ukraine is not just another developing country which has been aided for decades with any positive results. There are many features that make Ukraine unique. It does not make sense to compare Ukraine with African or Asian but with similar – post-Soviet countries. To start with, Ukraine is a large country with huge population. “That is actually a significant concern because one has to be selective whether to take a regional (certain areas) or the whole country approach (Interview with Gronvius, 27.03.2019). Ukraine’s size – both territory and population - makes development cooperation definitely more challenging when already in Kyiv there is more people than in Moldova or Georgia.<sup>23</sup> Brömling (Interview, 04.01.2019) also noted Ukraine’s size: “If I compare Ukraine with the Balkans... they say “we implemented a big nationwide energy management monitoring system”... but when we then see the numbers, they only have couple of hundreds of buildings.” Another thing that should be taken into account is an ongoing

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<sup>23</sup> Data on the population of Kyiv is inadequate because there has not been an official census for a long time. It is estimated to be up to four million people.

armed conflict. There are other conflicted regions – South Caucasus and Transnistria – but what makes Ukraine different is that the conflict is active, not frozen as in other countries. Last but not least, Ukraine has a clear intention to join both EU and NATO. “This is not only about the membership, but we are talking about European standards, principles of good governance... This is a very clear geopolitical direction” (Interview with Zhuravel, 27.12.2018).

#### 4.1. Problems in development aid

Above, in the theoretical part, I wrote how several authors (Bauer; Easterly; Easterly and Pfutze; Riddell) have argued against development aid. Three main sources of criticism were as following: aid being axiomatic, money and regress. In this sub-chapter, I am writing about the problems in development aid that have been brought out by the practitioners working on the field. Question about problems belonged to my interview questionnaire because I believe that discussing this question helps to shed some light to the possible factors affecting the provision of effective development aid.

To start with, the biggest problem in development aid is if it works or not – does it bring any changes; does the aid even reach the beneficiary? Helen Ennok (Interview, 08.05.2019) from Estonian Embassy in Kyiv used Afghanistan as an example – aid has provided there for decades, but nothing has changed for better, as if money has been going to the black hole. To make it worse, many of the countries that are aided do not have democratic regimes. This, in turn, poses a justified question – why should such countries be aided at all? Christian Disler (Interview, 11.03.2019) from The Swiss Agency for Development and Cooperation argued that such countries have to be helped because if a country is about to collapse because of lack of support, then no one can predict what it could result with in the long run: “We work with what we have, and we try to make this better.” Taras Zhuravel (Interview, 16.04.2019) from GIZ adds the changes on political level – in order to have activities really implemented, donor organisations have to continue with everything they have planned despite of changes on political level. For the donor, perhaps not from the donor’s perspective itself, it is always better to stay in the recipient country for longer. Pulling out from the country is the easiest solution but as development aid is focusing on systematic changes, then it takes a lot of time and patience to see if aid has been useful or not. One solution to the problem of aid being useful and

effective is raising awareness. Karl Oskar Villsaar (Interview, 18.02.2019) from Estonian Roundtable for Development Cooperation said that people should understand more about global education; that providing aid is not “burning money” but it is meant to solve the problems the world is full of. He added that the political will to increase the aid budget clearly depends on how people understand development aid (*Ibid.*). If citizens do not support providing aid, then it could affect the aid budget negatively which, in turn, can affect donor’s possibilities to contribute long-term. Long-term projects, on the other hand, are key to the systematic changes.

Secondly, all interviewees brought out financing as one of the problems in development aid, though different countries see money problem from a different point of view. When it comes to Estonia, then both Ennok (Interview, 08.05.2019) and Villsaar (Interview, 18.02.2019) said that Estonia’s main issue is limited development aid budget, and this can hinder the continuation of one or another project. As an example, Ennok (Interview, 08.05.2019) used export promotion program „Export Revolution“ in Ukraine which is done in cooperation with Estonian Marketing Institute. The problem here is that due to limited budget this program cannot continue, although there is a clear need for it and it has been highly successful. What came to me as a surprise, then Swedish side also raised money question as a problem, although there it is contrary – there is a certain budget and money has to be spent, otherwise there is a possibility that aid budget is reduced next year. There is an inherent conflict in a way development aid is done - on the one hand, projects have to be done to get the funding, but on the other hand, all the money has to be spent, even though your partner (recipient) is not delivering, and one can see that the money is going to be wasted (Interview with Gronvius, 27.03.2019). The problem is that development cooperation is about certain standards which, in its essence, should contribute to development, but the inherent conflict what Daniel Gronvius from SIDA brought out, refers that the possibility of “money going bad” is by default a part of development cooperation. Disler (Interview, 11.03.2019) also mentioned money problem – there is a constant risk that money is being misused. This requires risk mitigation – good monitoring and choosing the partners right – which all aid donors are having. From the interviews it also came out that risk mitigation has to work both ways because there have been cases when aid is not misused by the recipient but by the donor (precisely, donor chosen project implementer).

Lastly, the idea of development aid being regressing was also reflected from the interviews. Ennok (Interview, 08.05.2019) said that in cases where aid is not targeted, and it is just a financial allocation to the state budget, it is almost impossible to control where the aid ends up in. This is a dangerous approach which does not contribute to development, on the contrary, it increases the dependency from aid. This problem was also brought out by Disler (Interview, 11.03.2019) who said that by providing aid you can do more harm than good, which makes it necessary to always measure the impact you may have for the recipient: “Sometimes you can give wrong incentives without even noticing it yourself.” Indirectly is this problem related to the aspect Gronvius (Interview, 27.03.2019) pointed out: “In development aid, you do not have, as an implementer or funding agency, live with the consequences of your programming.” If donor does more harm than good which implementing its project/programme, then it is the recipient who has to live with it afterwards. In order to fix the harm that was done, recipient is in a need of more aid. This, as a result, can lead to the dependency on aid which is not what development aid is about.

## 4.2. Analysis of factors

### **Knowledge of local conditions**

To begin with, knowledge of local conditions should be taken as a starting point because what Ukraine is today and how it has developed since the collapse of Soviet Union is what makes it unique as much as challenging for the donors. Ukraine has been strongly influenced by the Soviet regime. “No new regime anywhere is ever able to start with a clean slate. It is therefore impossible for a new regime or state to completely break with its *ancien regime* (Kuzio, 1998: 7). Soviet legacy was also mentioned by three interviewees – one must really consider Ukraine’s political history and its roots from the Soviet past (Interview with Gronvius, 04.01.2019). “Sometimes it is really hard to understand the dynamics of political economy and local conditions – you still have some of the old cards around. The system has been hit, but it is still not dead yet, which means that you still have resistance from the actors who are still around, despite all the reforms that has been done” (Interview with Disler, 11.03.2019). Ennok (Interview, 08.05.2019) did not mean exactly Soviet past but she mentioned that Estonian aid to Ukraine is really appreciated due to the common history, understanding each other and also the language

(for example, being able to communicate in Russian makes cooperation between donor and recipient much easier).

*“The term sistema (the system) refers to opaque ways in which informal networks interact with formal hierarchies. Modernisation in Russia cannot succeed as long as this system of informal power and governance remains untouched. Russian leaders talk about changing Russia from the top down, without however addressing the informal rules and constraints that govern their own behaviour and that of political, bureaucratic and business elites.”*

Alena Ledeneva (2012: 17)

This research is still about Ukraine not Russia, and although not completely, I find Ledeneva’s “sistema” applicable to Ukraine in a way. Like in Russia, Ukraine’s political economy is influenced by the oligarchic system which is a network of mutual connections between the businessmen and politicians. Kononczuk (2016) argues how the oligarchy in Ukraine works well because of the weak state: “They are the beneficiaries of all the shortcomings of Ukraine – systemic corruption, the lack of an independent judiciary, and an inefficient administration.” What makes it complicated in Ukraine’s case – Ukraine has a semi-presidential system where the president has a substantial amount of power, although he still needs to be careful to navigate between competing interests (Jarabik and Minakov, 2016). In Ukraine, the most important politician – President Poroshenko – stands also behind the “pyramid of rent-seeking” next to the formal institutions. “These arrangements are resistant to changes because this has made some people really wealthy and powerful. Any reform has to be either approved by them or be done against their wishes which is difficult” (Interview with Gronvius, 04.01.2019). Although oligarchic system has some advantages – protecting the country’s economic independence; fulfilling state’s functions when state itself fails to do so; contributing to political pluralism – it has to be said that “the overall influence of Ukrainian big business is harmful and hinders the country’s development in both political and economic terms” (Matuszak, 2012: 5; 75-77).

From here we can move on to political commitment. There is a certain need for a number of areas that need to be developed – energy efficiency, decentralisation, healthcare – and Ukraine knows from which country it can get appropriate assistance. From the donor’s

perspective it is also important to determine the focus areas that one or another donor country is willing and able to develop. Development aid, on the other hand, does not work on a principle “we need aid, you provide it, we watch”, but both sides – donor and recipient – need to be interested in development. “The most important factor for us in the communal sector is getting a commitment from the highest level in the municipality – the mayor. If you don’t have the commitment of the mayor, you have very limited possibilities to implement a successful project on that spot” (Interview with Brömling, 04.01.2019). Janson (Interview, 23.03.2018) from Estonian Refugee Council also brought out that communication in state institutions is challenging – the higher you go, the more difficult it gets.

Finally, the feature that many interviewees mentioned, and which has an enormous effect to development aid – the size and location of the country. “Ukraine is a large country and that is actually a significant concern because one has to select whether to take a regional or country-level approach which then would not be filtered down to direct recipients so easily than in smaller countries, such as Georgia and Moldova” (Interview with Gronvius, 04.01.2019). Position-wise, both geographically and geopolitically, Ukraine has a challenging location - between the East and the West, between Europe and Russia, between European values and Soviet legacy. It all matters and has to be considered before providing development aid. With humanitarian aid it is easier, as the main aim is alleviating human suffering, but development aid is different – it is about fundamental and long-term political, economic and societal changes. One can work only with the materials that the customer has provided. If this material includes abovementioned features, such as oligarchic system, Soviet legacy etc, then in order to make it work and provide an effective aid, one has to take them all into consideration.

### **Tied aid**

Tied aid is a serious concern for development aid. The idea behind it is bringing the benefit to the donor, not recipient country. According to Concord’s AidWatch 2017 (2017: 58) report which monitors and makes recommendations to improve the quality and quantity of development aid among EU countries, the biggest tied aid providers are Czech Republic (22.36%) Poland (36.98%) and Slovak Republic (40.28%). For clarification, this percentage is taken from the total inflated aid which is the aid that does not contribute

to development. None of the biggest aid-tiers is on focus in this thesis. When it comes to the donor countries I am using for this research, then according to the same report (*Ibid.*), Estonia has it 0.00%, Germany 1.18% and Sweden 4.59%. As Switzerland is not the member of European Union, then there is no such data for Switzerland.

Tied aid is something about which often even development aid practitioners are not well-informed, but considering the interviews, then none of the donors had anything to do with tied aid nor the problems caused by it. Gronvius (Interview, 27.03.2019), for example, said resolutely that Sweden is not dealing with such kind of aid. Disler (Interview, 11.03.2019) argued how now with the new Minister of Foreign Affairs Switzerland has chosen more pragmatic approach where it should be thinking more to its national interests and its partners should cooperate more in the areas important for Switzerland – migration issues, for example – but Ukraine does not play any role here. Ennok (Interview, 08.05.2019) argued that tied aid is used as much as it is reasonable and necessary – as this is donor country's experience and expertise that is wanted in the recipient country, then it is logical to use your own experts for it.

What may seem as a tied aid (but which is not) is that each donor has its own focus areas where they are active in Ukraine, thus they are only aiding certain areas which, in turn, may seem that they benefit themselves from it. The reasoning here is that:

- 1) donors are focusing on areas where the knowledge and know-how is the most comprehensive – it is especially the case for small donors and small agencies because with limited resources it is possible to do limited things, thus it makes sense to develop “your own niche areas” (Interview with Janson, 23.03.2018). NGO Mondo, for example, is focusing on educational projects and promotion of human rights (Interview with Svištš, 11.04.2018);
- 2) donors are supporting and aiding the areas where aid could add the most value; it is important to avoid what others have done and contribute with what adds the most value to the country;
- 3) donors are supporting and aiding the pre-determined sectors which are known to be essential for Ukraine and where Ukraine has the highest interest – for example, SIDA, GIZ and SDC are all working on energy efficiency, market development and promotion of good governance.



Another argument is closer to the actual tying of aid – all organisations except Estonian ones are using international experts instead of local ones. As it was noted before, tied aid means also using the experts and consultants from the donor country (or hired by donors). But again, the real problem lies somewhere else – Disler (Interview, 03.01.2019) pointed out that often there is very low level of local knowledge and lack of professional national personnel and that makes flying in the international experts necessary. Villsaar (Interview, 18.02.2019) agrees that it is completely normal and understandable when donor provides its own experts when it comes to specific areas (education or IT) where the expertise in the recipient country is non-existent, but in the end, it is more important how locals are involved in development. When we are speaking about the capacity building and the future of public officials, then all the donors are trying their best to work with what Ukraine has to offer (*Ibid.*). For example, U-LEAD with Europe (implemented by GIZ and SIDA) is really focusing on capacity building because when the project implementation period is over, then it is going to be all “on the shoulders” of national personnel to maintain of what has been achieved. Estonian Refugee Council’s opinion about tied aid is that when local markets are working then it is not a good practice to transport them from Estonia (Interview with Janson, 23.03.2018). Although this goes about humanitarian aid, it can also be applied to development context when instead of local markets we use local personnel and experts.

### **Aid fragmentation**

Aid fragmentation in development aid in Ukraine is definitely a factor that affects the provision of effective development aid. This has become more important especially after 2014 when Ukraine was suddenly „on everyone’s radar“ and the need for aid skyrocketed. That also means the number of donor projects increased. The most important feature of aid fragmentation is coordination. Or lack of coordination, to be precise. A lot of donors mean a lot of coordination to make the work done fruitfully and not to overlap with each other. The lower the level of aid fragmentation, the bigger the effect received from the aid - good communication and close cooperation with partners and other donors help to avoid bureaucracy, overlapping and wasting resources.

In theory, all the interviewees agreed that good coordination is essential but in practice it is much more complicated. It is not only about donor coordination, it is also about the

communication between donor and recipient country and between donor and local partners. „Everybody would like to coordinate and cooperate but nobody wants to be coordinated“ (Interview with Zhuravel, 16.04.2019). Both Gronvius (Interview, 27.03.2019) and Disler (Interview, 11.03.2019) believe that the aid in Ukraine is fragmented because in comparison to other development countries, government coordination is fairly weak. Zhuravel (Interview, 16.04.2019) explained in detail how the coordination works on governmental level, but he was hesitating if it really is successful or not. In addition to government coordination, there is also a coordination between the donors which was considered better but still problematic. “Everybody [donors] say that there is no sense to duplicate and do the same thing alone in one’s own corner but in reality, it [coordination] just does not work” (Interview with Ennok, 08.05.2019). Disler (Interview, 11.03.2019) agrees with her: “Even within one donor there is quite a lot to coordinate and then, when we are looking at all of us collectively – national donors, international organisations... It is almost impossible to solve it [donor coordination]”.

Reasons behind aid fragmentation are different. When it comes to government coordination, then Ukraine is characterised by weak institutions and poor governance. If the ministry responsible for donor coordination has not taken a strong role from the beginning, and the coordination of the ministerial level depends on the politician on power, then government coordination can be volatile. Another reason is that Ukraine is a priority country for only a handful of donors – Estonia, Lithuania, Poland. Others are also present in Ukraine, yet it is not a priority for them. This means that there are not enough people working on this problem [aid fragmentation] and it just overwhelming to deal with everything that is required to decrease the level of aid fragmentation (Interview with Ennok, 08.05.2019).

## **Security**

The issue of security in Ukraine is two-folded – on the one side, there is an ongoing war in the eastern part of Ukraine, and on another side, the question is how rapid change in security affects the work of donor organisations. During the interviews, I used the example of the incident on the Azov Sea in November 2018 which brought Ukraine again onto the radar for international community. Among the interviewed participants, there were none for whom security threat would be a serious factor that could affect heavily

providing development aid. “It is a contingency, but it does not affect day-to-day management of most programmes” (Interview with Gronvius, 04.01.2019). He thinks that misusing laws to counteract reforms is a bigger concern, but it is not related to security (*Ibid.*). Ukraine is generally considered a safe country for development cooperation. Disler (Interview, 11.03.2019) argues that security is a concern in the eastern part where the conflict is but most of the projects are anyhow not affected because they are far away from the conflict.

Gregor Brömling (Interview, 04.01.2019) from GIZ noted that situation in security encompasses certain regulations one has to follow but despite it being time-consuming and more complex procedure, all the work is manageable. If previous was about security affecting donor aid organisations and their work, then another question is how it affects local partners. Security contains uncertainty and the risk for instability. Brömling (*Ibid.*) also brought out that in case of emergency there are few security procedures which the local partners have to establish: “Cooperation with us for them at that time is not a priority. If they are busy with other things, then of course, they cannot focus on project implementation with us.” This happens when a certain project takes place in the eastern part of Ukraine – GIZ is working with local partners from Zaporizhia, Dnipro, Kharkiv and in government-controlled areas in Donetsk and Luhansk regions. Ennok (Interview, 08.05.2019) said that every such situation in security obviously affects but everything depends on what and where it happens: “When Azov Sea happened, then we had to assess the situation with the consul and our partners started to ask immediately what happened and how can it affect our work. In reality, it was more of an emotional effect because everything was unclear.” She added that generally Estonian development cooperation was not affected, and all the projects continued as they were.

I think that a good example of security not being a concern is the “Opinion Festival” which was organised by the NGO Mondo and which has taken place in Severodonetsk two years in a row (2017 and 2018). Severodonetsk is less than 50 kilometres from the contact line in Eastern Ukraine. Judging by the fact that hundreds of people are getting together to discuss over variety of topics from the reforms in education and healthcare sector to local politics and culture (Terevisioon, 2017), one could claim that security really is not such a big concern. It affects people’s everyday life in one way or another, but development assistance is effectively provided.

“Gradually, the security issue fades into the background and the reform issues gain the upper hand” (GIZ, 2018: 64). I believe it fits for the conclusion of security topic. At certain point one cannot blame war and crisis anymore for not making efforts for the reforms. “The political elites can no longer use the war in the Donbass as an excuse for the reform deadlock” (*Ibid.*).

### **Corruption**

Corruption is by far one of the most burning problems in Ukraine. It affects every part of the society, but interviewees did not see it as a serious concern for the implementation of development projects. Reasons for that are different for every donor country. Ennok (Interview, 08.05.2019) said that the budget for Estonian development projects in Ukraine is so small that together with having trustworthy local partners, Estonia is able to monitor well what is done with this money. In case of Estonia, having a fight against corruption as one of the country’s priorities, is also helpful. She added that several problems, among which is also corruption, for Estonia are avoided due to the limited budget and the smallness of Estonian Development Cooperation. Disler (Interview, 08.05.2019) argued that corruption is still one of the biggest impediments to reforms. That is the reason why implementation of Swiss development aid is still rather conservative: “The way we work is fairly traditional because there is still too much corruption in the system and the standards are often too low. Thus, budget support is not seen as an option” (*Ibid.*).

Although some steps, such as creating the National Anti-Corruption Bureau of Ukraine, have been undertaken to reduce the level of corruption, the battle against it is still not overly successful. Thus, an excessive control is needed: “As soon as we give them financial support, there are very strict reporting rules – they are double-checked, and they have to undergo through certain procedures (Interview with Brömling, 04.01.2019). On a positive note, there are also steps taken against corruption which have been successful, argues Gordiienko (Interview, 09.12.2018), and names PROZORRO online procurement system as an example.

Gronvius (Interview, 04.01.2019) argues how it is difficult to say how the level of corruption affects the provision of aid because typically it does not happen that local partners are asking for “a brown envelope.” He added that what may happen is that local counterparts blocking certain components of reforms which may increase transparency or

create more rules, thus threatening and limiting their ability to seek rents. “That is what we are combating – we are not trying to catch people offering brown envelope, but we are trying to change the political culture which is based on individual form of power to the one which is based on the normative rules” (Interview with Gronvius, 04.01.2019).

### **Targeting and timing**

Targeting in the context of development aid is important because: 1) only aid which really helps to make a difference should be provided, and 2) it helps to avoid overlapping. Development aid has to be in the interest of a country where it is provided, not a country who is providing. All interviewees confirmed the necessity of targeting. For example, Khudur (Interview, 17.12.2019) stated: „Before making a decision, we have to see what others are doing... We try to avoid doing the same things others have done.“ Another argument is that aid is provided in the areas where donor country has extensive know-how and experience. „We have been working on these issues [healthcare] for more than a decade. We are doing things we have always done“ (Interview with Disler, 11.03.2019). Providing aid has to be thought-through and well-managed. One can only make a difference if it has a proper understanding of what, why and how to provide. Having a fruitful and long-term cooperation for both sides can also increase recipient country’s commitment to the reforms and development. “GIZ is working almost for 10 years with that topic [energy efficiency] and they [Ukraine] are approaching us first when it comes to this topic. They want to be involved or want to get the knowledge on what we have established here, to use it for their own institutions” (Interview with Brömling, 04.01.2019). This is an example of targeting done right because recipient country has also taken an active role in its development. Disler (Interview, 11.03.2019) agrees with Brömling: “Now it seems that they [Ukraine] are taking another approach – they don’t want to be only informed but they want to participate in discussions.” On the other hand, “it can put a pressure on us because they may request something we don’t want to do or there are things more important [to be done]...” (*Ibid.*). In order to avoid doing something that recipient government has requested but donor has no interest, it is useful to work together with civil society and local organisations. The truths that are told by politicians and local citizens tend to be different sometimes, and civil society organisations can often express the needs better. In that sense, Ukraine is in the good hands because it is often

said that Ukraine's civil society is well-developed and that can be brought as an example to other countries.

When it is the right time to intervene – this is not less important factor than is targeting. It is important to identify when the certain area actually has the genuine momentum and that's the time to invest. It also creates some preparatory work to make that momentum to exist and prepare the ground... but timing in that respect is hugely important (Interview with Gronvius, 27.03.2019). For example, Under Yanukovych's power between 2010-2013, there was not much of an activity in the field of donor projects because the demand was missing; when Poroshenko got to the power after the Revolution of Dignity, demand for the reforms increased rapidly (Interview with Zhuravel, 27.12.2018). Gronvius (Interview, 27.03.2019) thinks the same that under the current government<sup>24</sup>, a lot of reforms have have started or picked up their speed.

Timing is also related to other factors – knowledge of local conditions and corruption. Ennok said that there is a general excitement always when a new project starts to be implemented but after a while when certain stakeholders see what effects it actually brings, then the excitement can cool down pretty fast. As an example, she used the development of all the e-solutions which is one of the priorities for Estonia. There was a project which in the beginning was highly welcomed for increasing efficiency and creating more transparency but in the end, it was not possible to move on with the project anymore because certain sides started to work against it when they realised that these same increased efficiency and transparency can have a negative effect to their income. (Interview with Ennok, 08.05.2019)

Although, in my opinion it is a bit disputable if livelihood-programme is humanitarian or development aid (I tend to think the latter), timing is necessary there as well. Janson (Interview, 23.03.2018) argued over the importance of supporting the livelihood sector when Estonian Refugee Council finished providing food aid to Ukrainians affected by the crisis. He said that they wanted to provide people a fishing rod not fish because long-term food aid is not very sustainable. Thus, it is important to understand when it is necessary to change the focus of intervention to get the most out of foreign aid. From the other

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<sup>24</sup> This interview was done before the president's election in April and resignation of government in May.

perspective – when there is a lack of demand for development assistance, but the demand occurs rapidly, one should think why the desire for one or another donor project increased so suddenly – timing is something that politicians could also use for themselves (before elections). In that case, donors should critically evaluate the real motivation behind it. Worst case scenario is that the real motivation for reforms lies behind getting fast popularity before the elections. This, in turn, could mean that demand can be decreased soon after.

### **Retrospect to the provided aid**

To conclude the interviews, I also asked the practitioners to look back to the work they have been doing in Ukraine in development sphere and kind of evaluate if things in Ukraine have been changing for better or not. By “kind of evaluation” I mean that I did not ask for any other measurement than their own opinion which is always subjective – “more of a gut feeling than the assessment based on the hard facts” (Interview with Disler, 11.03.2019). Clearly, this question for them was the hardest to answer but I believe that with a brief retrospect to the provided aid I could shed some light to the effectiveness of development aid in Ukraine. Hopefully this question worked also as a good game of thought for them before leaving their current post (which many of them are going to do soon).

Gronvius (Interview, 27.03.2019) from SIDA argued that in case of Ukraine, the glass is rather half full than half empty. He supports this thought with the following:

*“I think there is a cause for careful optimism. There is the understanding among government counterparts that certain reforms are necessary, and they have had positive effect... There seems to be a willingness... and it depends on from which angle you are looking from – you can see both positive and negative... There are people who say that it is better than it has ever been, other people say that it is all a mirage – oligarchs are still holding power, fight against corruption hasn’t been successful etc.”*

Disler (Interview, 11.03.2019) from SDC agreed that glass is rather half full than half empty and he was also cautiously optimistic when answering this question:

*“Generally, it is difficult to say whether Ukraine is really doing better... It is what we would like to see... On the other hand, the conflict is still there, people are still dying, IDPs are struggling... At the same time, it is not in our hands, and we cannot really*

*influence [conflict management]. The more you go down to the concrete things you are doing, the more you see encouraging things. There are good things achieved [decentralisation, e-governance, stronger civil society] Measures have been taken and time will tell [if aid has changed things for better or not].*

When it comes to Estonia, then for Villsaar (Interview, 18.02.2019) it seemed that things have changed for better – Estonian organisations have gotten more experience and they have been able to create the added value with their success stories. Ennok (Interview, 08.05.2019) argued that despite of not contributing to Ukraine’s development with a big amount of money and due to focusing more on individuals, rather than big projects, Estonian Development Cooperation has had a tremendous impact. On the other hand, when viewing the bigger picture, then improving is really slow: „There is a part of society who is doing better but the same cannot be said about the country as a whole. We help so much [aid to Ukraine in general] but then one problem appears, second, third... Impact rather reaches the individuals but from country’s perspective it has not been so effective” (*Ibid.*).

Zhuravel said that it is complicated to measure the effectiveness of the reforms because there has been a lot of them in Ukraine – some more, some less advanced; in some sectors more, in other sectors less. More important question, in his opinion, is whether the work that has been done continues: “There has been a lot of trainings, study visits, experience exchanges. There are so many good examples. Instead of saying “we can never achieve it [good examples seen abroad] in Ukraine”, local leaders should say “we have seen how thing are successfully done abroad, we can now do the same things but even better.”” (Interview with Zhuravel, 16.04.2019)

For Gordiienko positive tendencies prevail: “Ukrainian government after the Revolution of Dignity was headed by the newly appointed reformers which changed their attitude to ownership of the reforms and changes supported and fostered by development aid. They started planning and prioritizing and thinking strategically where the international resources [expertise and know-how] are needed and where these could be applied the most. Also, as aid has become more demand-based, government has started to voice the real needs and increased the capabilities in planning and co-implementing assistance projects.” She also had some criticism: “Development aid has made sponsored



consultants doing the work which should normally be done by local public officials a norm. Also, development aid has spoilt NGOs in a way - huge inflow of grants has slightly shifted motivation towards “implementation, reporting and getting new grants” rather than actually making a difference for the citizens themselves.” (Interview with Gordienko, 17.04.2019)

#### 4.3. Discussion

Above is the analysis of factors which I believe affect the provision of effective development aid the most – knowledge of local conditions, tied aid, aid fragmentation, security, corruption, targeting and timing. I believe this is a relatively comprehensive framework to work with. I do not claim that there cannot be other factors affecting the provision of aid, but I believe these are the most important. From that it seems to me that I have managed to answer the first research question posed in the introduction – what are the most important factors affecting the provision of effective development aid? There is one limitation though, which came up in the process of writing the aid effectiveness sub-chapter - there is no good way for measuring the effectiveness of aid. At least, literature on effectiveness suggests that economic growth as a measurement does not work. By the definition, aid effectiveness would mean that a right (amount) of aid is provided to deal with certain problems. In order to provide a right (amount) of aid for a certain problem, one needs precise objectives and indicators. To add a “measurable dimension” to aid effectiveness, I suggest agreeing on fulfilling a certain percentage of project/programme objectives (for example, 75% of objectives) that have to be fulfilled in order to consider aid effective. This could make aid agencies think more about their intervention to be sure that set objectives are achievable. On the other hand, there are several questions which do need an in-depth research – how to set the right requirements? how to enforce it to the donor countries and aid agencies?

<b>Factors</b>	<b>External</b>	<b>Internal</b>
Knowledge of local conditions	+	-
Tied aid	+	-
Aid fragmentation	+	+
Security	-	+
Corruption	-	+
Targeting and timing	+	+

For better understanding, I have decided to divide them into two categories – external and internal. External factor means that it is donor-specific, and it does not depend on the recipient country. Internal factor means that it is country-specific, and it does not depend on the donor. Knowledge of local conditions is external – local conditions refers to recipient country, but the extent local conditions are taken into consideration and used for the provision of aid, is up to donor. Tied aid is also external – only donors themselves can decide how much of an aid and how they are tying. Aid fragmentation can be both external and internal – one question is how donors among themselves are coordinating the aid for it not to be fragmented (external), another is recipient government coordination (internal). Security and corruption are both internal – level of security or whether corruption rate is low or high do not depend on donor country (of course, if they are not contributing to it somehow). Lastly, targeting and timing can depend both on donor and recipient countries. Donors decides what kind of aid when to provide, and so does recipient – what kind of aid when to request.

To answer the second research question – how could these factors be applied to Ukrainian context? – I based on the interviews with development aid practitioners and their contribution helped me answering that. Knowledge of local conditions in the recipient country is undoubtedly the most important here. Not knowing the conditions in the recipient country refers to the possibility of using one-size-fits-all approach which can be dangerous for the success of development project. Ukraine is a unique country with a lot of distinguishing features from its oligarchic system to Soviet legacy to its size and population. I believe that practitioners I interviewed for this thesis together summed up well how important is to know the context where one is planning to implement an aid intervention. Another factor which in Ukraine’s case poses a serious concern is aid

fragmentation. Easterly (2007: 639-640) calls donor coordination one of the chronic problems in foreign aid: “A maddening problem in foreign aid for all concerned are the huge administrative costs for both recipients and donors from the duplication of donor efforts and their failure to coordinate their efforts with each other.” Every interviewed practitioner saw aid fragmentation as a problem, but nobody was quite sure what should be done to solve this problem. As Zhuravel succinctly said – everybody supports more coordination and cooperation, but nobody wants to be coordinated. Ukraine not being a priority recipient country for most of the donors does not make finding a solution easier. The biggest development programme in Ukraine today is “U-LEAD with Europe” which is done in cooperation of five countries – Germany, Sweden, Poland, Denmark and Estonia. When talking about success in development cooperation, then this programme is often brought as an example. To see what good could be done together with several countries may in the long run affect aid fragmentation positively as well.

In the third factor which is a serious concern for the society – corruption – practitioners did not see much how it could affect providing aid. That is also about the knowledge of local conditions – donors know that the level of corruption in the country is very high, thus they can plan their activities accordingly. It happens rarely in Ukraine when bribe is asked to continue with the development project. That is why it is not seen as much of a problem. As it was said above, it is more about the political economy and political culture and work to improve these are constantly done. Fourth factor which again is a serious concern for the whole Ukraine – security – was also what practitioners did not consider as something that could affect providing aid negatively. The reason is simple – most of the aid projects are done everywhere else than in the eastern part of Ukraine where is the warzone and if something is implemented near the contact line then it is highly regulated. When it comes to something sudden which may happen – as the incident on the Azov Sea in November 2018 – then again, despite of martial law and some limitations, it did not affect implementing aid projects. Another factor which as well does not affect providing aid in Ukraine is tied aid. It poses a problem mostly when it comes to big infrastructure projects which requires a lot of resources – both materials and workforce. In Ukraine there are no such projects. Using international experts can be taken as a tied aid but without them would be impossible to implement projects. The bottom line is that aid is tied as much as reasonable and necessary for the projects. Last but not least, there was

targeting and timing factor which I analysed. Targeting definitely is important because it helps to provide aid that is really needed, and it helps to avoid overlapping. It did not seem, though, that in Ukraine it is a problem because donor countries have their certain focus areas where they usually have a long experience, and for which they are trusted. Timing, on the other hand, is a bigger concern because it may happen that there is no political will to implement the reforms. It is important to catch the right momentum and start working, as said Gronvius (Interview, 27.03.2019). It may happen that it takes a lot of time for the right time to arrive but in that case, it is smarter to re-focus one's activities, for example, going from government level to regional or choosing another region. Ukraine with its size offers a lot of possibilities for that.

## Conclusion

The question of foreign aid has been at issue since the end of the World War II. Today the discussion over aid has gathered even more attention. If in the beginning of provision of aid, it was only meant to the former colonies who started to become independent, and the realisation that they will not manage by themselves, occurred, then today there are a bit less than 150 countries and territories<sup>25</sup> getting aid in one way or another. It is hard to distinguish which country gets humanitarian aid, which development aid and which country both combined. This thesis, though, focuses on development aid. To be more precise, the focus is on the factors affecting the provision of effective development aid. Before moving on to these factors, I gave a short overview of what has been studied before – aid and political stability, aid effectiveness, the problems that make aid not working. This gave me a feeling that studying the factors affecting the provision of development aid could be the one which has not got much attention. Due to different reasons I decided to study this topic with a focus on Ukraine.

This thesis is divided into four bigger parts. The first part of this thesis is theoretical framework which aims to help grasping the topic better. Sub-chapter 1.1.1. gives a brief overview of the history of development aid; 1.1.2. introduces readers the key IR concepts of development aid; 1.1.3. is kind of a continuation to the previous one, showing why countries provide aid; and 1.1.4. shortly introduces how and why aid has been criticised. Chapter 1.2. about aid effectiveness aims to open up the question of what the name refers to – aid effectiveness. It is impossible to study the provision of effective development aid if it is unclear what lies behind the concept. Chapter 1.3. introduces the factors I decided to work with in this research. The second part concentrates on research design and methodology. I explain why I chose to base my work on these countries, explain my research method and explain the limitations I was thinking my work could have. The purpose of the third part is to give a short overview of the recipient country – Ukraine – and four donor countries – Germany, Sweden, Switzerland and Estonia.

Last major part – analysis together with discussion – is the most important. It seeks to answer my second research question which I posed in introduction. Factors I identified

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<sup>25</sup> List of ODA countries

and investigated in my thesis were as following: knowledge of local conditions, tied aid, aid fragmentation, security, corruption, targeting and timing. I believe that it is a comparatively complete framework which comprises the most important and fundamental features about the provision of aid. I also divided these factors into two categories – external and internal – depending on whether it is donor-specific or recipient-specific. External factors were knowledge of local conditions and tied aid, internal security and corruption, and the rest – aid fragmentation, targeting and timing fit to both categories.

Out of seven, the factors which were the most represented, i.e. applicable to Ukrainian context as factors that affect the provision of development aid the most are the knowledge of local conditions together with aid fragmentation. Due to Ukraine's uniqueness, it is logical that there has to be a comprehensive overview of the situation in the country. This actually applies to every country where development aid is provided. Another factor is aid fragmentation which in Ukraine is caused by the big number of donors and the constant failure to coordinate one's actions with each other. The problem with aid fragmentation is that nobody really does not know how to decrease it. One can say that there has to be closer cooperation and better communication but again – how to achieve it? Another two factors which are important in planning and implementing an aid project are targeting and timing. Targeting in Ukraine is not a problem because all the donors have their focus areas, in which they are providing aid. Timing in Ukraine can be a bit more problematic because not always there is a need for reforms, thus development aid. Here it is very important to catch the momentum when the demand exists, but one has to be careful – the demand for aid can be short-term and related to upcoming elections.

Last three factors – tied aid, corruption and security – can be applied to Ukrainian context as well but they do not affect the provision of development aid as much as does aid fragmentation, for example. Tied aid does not affect because Ukraine does not big infrastructure projects which are usually linked to tied aid. Also, using international experts instead of local ones can be considered tied aid as well but this is not seen as a problem as long as it is necessary and reasonable. Corruption is a serious concern to Ukraine's society. It hinders the reforms but for development aid it is not very big concern. The reason here is that it happens rarely when bribe is required in order to start or continue some development project. Last but not least, security – this factor was also

something that surprisingly to not affect the provision of aid much because most of the projects are undertaken in the areas where it is safe, and the level of security is high.

To conclude with, I believe I managed to answer both research questions posed in the introduction. It is far beyond the scope of this research to offer fundamental changes for the improvement of development aid, but I believe that knowing how one or another factor affects the provision of aid could help us here. At least it could offer us a perspective from where to start. When coming back to Ukraine, then the most critical seems to be aid fragmentation because there are so many things to do in Ukraine in development sphere that it is regrettable that a huge part of aid just vanishes because different donors, for one reason or another, are not communicating or cooperating properly.

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